

1 dollars and cents than of a major life change. As a result, all else being
2 equal, borrowers are less likely to default on a mortgage backed by their
3 primary residence than on one backed by an investment property.

4 Barclays Capital, Barclays Loan Transition Model, at 9 (Nov. 30, 2010).

5 321. The forensic review used borrower- and property-specific public records
6 to test loan-level occupancy data for each of the RALI Series offerings.

7 322. First, the forensic review analyzed contemporaneous property tax records
8 to determine whether: (1) borrowers received their property tax bill for the mortgaged
9 property at the address of the mortgaged property; and (2) borrowers took a property
10 tax exemption on the mortgaged property that is only available for owner-occupied
11 properties. Borrowers are likely to have a tax bill sent to their primary residence to
12 ensure their ability to make timely payment. However, if borrowers have tax records
13 sent to a different address, then they probably do not actually reside at the mortgaged
14 property. And if borrowers decline to take certain tax exemptions dependent on the
15 borrowers residing at their mortgaged properties, then the borrowers probably do not
16 reside at those properties.

17 323. Second, the forensic review analyzed public records to determine
18 whether borrowers owned any other properties during the same time period in which
19 they owned the securitized property. The forensic review then examined whether the
20 borrowers consistently identified the securitized property as their mailing address for
21 property tax bills on each concurrently owned property. Inconsistencies in tax bill
22 mailing addresses for concurrently-owned properties strongly suggest that the
23 securitized property was not, in fact, owner-occupied.

24 324. Third, the forensic review conducted a review of lien records on
25 concurrently-owned properties to determine whether borrowers indicated that any
26 property other than the securitized property was owner-occupied. This test examines
27 all liens originated after the securitized mortgage and compares owner-occupancy

1 representations with those in the loan tapes. If liens on concurrently-owned properties
2 indicate that those properties are owner-occupied, then the borrower probably does
3 not reside at the mortgaged property.

4 325. Fourth, the forensic review examined the mailing addresses identified for
5 liens on concurrently-owned properties to determine whether the address of the
6 securitized property was listed as the mailing address for bills and other
7 correspondence between borrowers and the lienholders. If the securitized property
8 address is not identified, then the securitized property is probably not owner-occupied.

9 326. Finally, the forensic review reviewed credit records to help determine
10 whether a given borrower occupied the mortgaged property. Specifically, the forensic
11 review investigated whether creditors were reporting the securitized property's address
12 as the borrower's mailing address six months after the origination of the loan. Within
13 six months of closing on a mortgage, one would expect borrowers to have changed
14 their billing address with each of their creditors. If a borrower was telling creditors to
15 send bills to another address even six months after buying the property, it is likely the
16 borrower was living at a different location.

17 327. In assessing the accuracy of the Offering Documents' representations
18 about owner-occupancy, the forensic review considered mortgages that failed multiple
19 owner-occupancy tests to not have actually have been backed by owner-occupied
20 properties. Even with this high threshold, the forensic review revealed systemic
21 overstatements of owner-occupancy rates within each of the RMBS at issue.

22 328. The forensic review's analysis demonstrates that, for the six RMBS
23 tested, the Offering Documents drastically overstated the percentage of owner-
24 occupied properties in the collateral pools. *See infra* Table 8. Overall, the Offering
25 Documents overstated the number of owner-occupied properties in each RMBS by
26 17.3% to 26.2%, with an average overstatement of 21.81%.

Table 8

RMBS	Represented Percentage of Owner- Occupied Properties	Actual Percentage of Owner-Occupied Properties	Percentage Overstatement
RALI Series 2006-QO6 Trust	85.6%	73%	17.3%
RALI Series 2006-QO10 Trust	82.9%	70.3%	17.9%
RALI Series 2007-QH2 Trust	85.5%	69.0%	23.9%
RALI Series 2007-QH3 Trust	81.8%	68.2%	19.9%
RALI Series 2007-QH5 Trust	85.3%	70.0%	21.9%
RALI Series 2007-QH6 Trust	82.8%	65.6%	26.2%

C. Other Untrue Statements in the Offering Statements

329. Statements in the Offering Documents concerning the following subjects were material and untrue at the time they were made: (1) the Originators' evaluation of the borrower's likelihood and capacity to repay the loan through application of the stated underwriting standards, including the calculation and use of an accurate "debt-to-income" ratio and the frequency and use of exceptions to those standards; (2) adherence to stated underwriting standards for reduced documentation programs; (3) the accurate calculation of the "loan-to-value" ratio for the mortgaged property and the accuracy of appraisals; and (4) the existence of credit enhancement to minimize the risk of loss.

330. The following chart, Table 9, lists the originators that contributed loans to each RMBS, as identified in the Offering Documents or through an independent analysis of these RMBS commissioned by the NCUA. With the exception of the RALI Series offerings, the Offering Documents disclosed the underwriting guidelines for the Originators that contributed more than 20% of the loan collateral. For the RALI Series offerings, the Offering Documents disclosed only RFC's underwriting guidelines, stating that "[a]ll of the mortgage loans in the mortgage pool were originated in accordance with the underwriting criteria of Residential Funding." *See, e.g.,* RALI Series 2006-QO6 Trust Prospectus Supplement at S-47. RFC acted as the sponsor for all of the RALI Series offerings.

Table 9

CUSIP(S)	RMBS	TRANCHE	ORIGINATOR(S)
02150DAC9	Alternative Loan Trust 2007-OA4	A3	Countrywide Home Loans and affiliated entities (100%)
362334FT6	First Franklin Mortgage Loan Trust 2006-FF4	A3	First Franklin Financial Corporation (100%)
35729VAE7 35729VAF4	Fremont Home Loan Trust 2006-D	2A4 M1	Fremont Investment & Loan (100%)
362631AD59	GSR Mortgage Loan Trust 2006-OA1	2A3	American Home Mortgage Corp., Countrywide Home Loans, Inc., IndyMac, F.S.B., SunTrust Mortgage, Inc.
3622NAAB6 3622NAAG5	GSR Mortgage Loan Trust 2007-OA1	1A2 2AM	Countrywide Home Loans, Inc., Residential Funding Company, LLC, Quicken Loans Inc.
542512AE8	Long Beach Mortgage Loan Trust 2006-11	II-A4	Long Beach Mortgage (100%)
751153AC1	RALI Series 2006-QO10 Trust	A3	Homecomings Financial, LLC (35%), First Magnus Financial Corp. (11%), FNB Arizona (7%), SCME (4%)
74922JAC2	RALI Series 2007-QH2 Trust	A3	Homecomings Financial, LLC (20%), First Magnus Financial Corp. (21%), FNB Arizona (11%), SCME (9%)
74922WAB5 74922WAC3	RALI Series 2007-QH3 Trust	A2 A3	Homecomings Financial, LLC (30%), First Magnus Financial Corp. (13%), FNB Arizona (10%), SCME (12%)
75116EAA0 75116EAB8 75116EAC6	RALI Series 2007-QH5 Trust	AI1 AI2 AI3	Homecomings Financial, LLC (33%), First Magnus Financial Corp. (10%), FNB Arizona (4%), SCME (21%)
74922AAB3 74922AAC1	RALI Series 2007-QH6 Trust	A2 A3	Homecomings Financial, LLC (43%), First Magnus Financial Corp. (16%), FNB Arizona (4%), SCME (10%)
39539GAC6	GreenPoint Mortgage Funding Trust 2006-OH1	A3	GreenPoint Mortgage Funding, Inc.
75114NAC8	RALI Series 2006-QO6 Trust	A3	Homecomings Financial Network, LLC, (41%), First Magnus Financial Corp. (3%), FNB Arizona (8%), SCME (10%)

331. For certain RMBS, Table 9 reflects the percentage of loans that was contributed by certain originators, rounded to the nearest whole number, as reflected in the Offering Documents or determined by forensic analysis. Such information was

1 not available for every RMBS. An originator responsible for 10% or more of the loans
2 in a particular mortgage pool should have been disclosed in the Offering Documents.
3 *See* 17 C.F.R. § 229.1110. While certain such originators were not disclosed, NCUA
4 alleges that they did in fact contribute the percentage of the loans in the mortgage pool
5 listed herein based upon a forensic review commissioned by NCUA to determine the
6 originators for the loans in the RALI Series of offerings. NCUA's investigation could
7 not conclude whether, and NCUA does not allege that, any Defendant knowingly or
8 intentionally excluded any originators in violation of any applicable regulation.

9 332. Examples of material untrue statements and/or omissions of fact from
10 the RMBS listed above follow.

11 **D. Untrue Statements Concerning Evaluation of the Borrower's**
12 **Capacity and Likelihood To Repay the Mortgage Loan**

13 333. The Alternative Loan Trust 2007-OA4 Prospectus Supplement stated:
14 All of the Mortgage Loans will have been originated or acquired by
15 Countrywide Home Loans in accordance with its credit, appraisal and
16 underwriting standards. Countrywide Home Loans has been originating
17 mortgage loans since 1969. Countrywide Home Loans' underwriting
18 process are applied in accordance with applicable federal and state laws
19 and regulations. Except as otherwise provided in this prospectus
20 supplement, the underwriting procedures are consistent with those
21 identified under "Loan Program — Underwriting Standards" in the
22 prospectus.

23 Alternative Loan Trust 2007-OA4 Prospectus Supplement at S-33; *see* Alternative Loan
24 Trust 2007-OA4 Registration Statement, Feb. 7, 2006, at S-52.

25 334. The Alternative Loan Trust 2007-OA4 Prospectus Supplement also
26 stated:

1 Countrywide Home Loans' underwriting standards are applied by or on
2 behalf of Countrywide Home Loans to evaluate the prospective
3 borrower's credit standing and repayment ability and the value and
4 adequacy of the mortgaged property as collateral. Under those standards,
5 a prospective borrower must generally demonstrate that the ratio of the
6 borrower's monthly housing expenses (including principal and interest on
7 the proposed mortgage loan and, as applicable, the related monthly
8 portion of property taxes, hazard insurance and mortgage insurance) to
9 the borrower's monthly gross income and the ratio of total monthly debt
10 to the monthly gross income (the "debt-to-income" ratios) are within
11 acceptable limits.

12 Alternative Loan Trust 2007-OA4 Prospectus Supplement at S-33-34; *see* Alternative
13 Loan Trust 2007-OA4 Registration Statement, Feb. 7, 2006, at S-53.

14 335. The Alternative Loan Trust 2007-OA4 Prospectus stated:
15 Underwriting standards are applied by or on behalf of a lender to
16 evaluate the borrower's credit standing and repayment ability, and the
17 value and adequacy of the related Property as collateral.

18 Alternative Loan Trust 2007-OA4 Prospectus, Nov. 14, 2006, at 25; *see* Alternative
19 Loan Trust 2007-OA4 Registration Statement, Feb. 7, 2006, at 25; *see id.* ("Once all
20 applicable employment, credit and property information is received, a determination
21 generally is made as to whether the prospective borrower has sufficient monthly
22 income available to meet monthly housing expenses and other financial obligations
23 and monthly living expenses and to meet the borrower's monthly obligations on the
24 proposed mortgage loan (generally determined on the basis of the monthly payments
25 due in the year of origination) and other expenses related to the mortgaged property
26 such as property taxes and hazard insurance[]). The underwriting standards applied by
27 sellers, particularly with respect to the level of loan documentation and the

1 mortgagor's income and credit history, may be varied in appropriate cases where
2 factors as low Loan-to-Value Ratios or other favorable credit factors exist.”).

3 336. The First Franklin Mortgage Loan Trust 2006-FF4 Prospectus
4 Supplement stated:

5 The mortgage loans were originated or acquired generally in accordance
6 with the underwriting guidelines described in this prospectus supplement.

7 S-31

8
9 Since January 1, 2005, all of the mortgage loans of a type similar to
10 mortgage loans that were acquired by the responsible party were required
11 to meet the underwriting criteria described in this prospectus supplement.

12 S-34

13
14 The responsible party's acquisition underwriting standards are primarily
15 intended to assess the ability and willingness of the borrower to repay the
16 debt and to evaluate the adequacy of the mortgaged property as collateral
17 for the mortgage loan.

18 Franklin Mortgage Loan Trust 2006-FF4 Prospectus Supplement at S-31, S-34; *see*
19 First Franklin Mortgage Loan Trust 2006-FF4 Free Writing Prospectus, Mar. 3, 2006,
20 at S-32, S-35.

21 337. The First Franklin Mortgage Loan Trust 2006-FF4 Prospectus stated:

22 The lender or an agent acting on the lender's behalf applies the
23 underwriting standards to evaluate the borrower's credit standing and
24 repayment ability, and to evaluate the value and adequacy of the
25 mortgaged property as collateral.

26 First Franklin Mortgage Loan Trust 2006-FF4 Prospectus, Nov. 17, 2005, at 26.

6 First Franklin Mortgage Loan Trust 2006-FF4 Prospectus Supplement at S-35; *see* First
7 Franklin Mortgage Loan Trust 2006-FF4 Free Writing Prospectus, Mar. 3, 2006, at S-
8 36.

12 All mortgage loans [] originates or acquires are generally
13 underwritten by [] according to its credit, appraisal and
14 underwriting standards. [], or its agents, apply such underwriting
15 standards to evaluate the prospective borrower's credit standing and
16 repayment ability and the value and adequacy of the mortgaged property
17 as collateral. These standards are applied in accordance with applicable
18 federal and state laws and regulations. [] permits exceptions to
19 the underwriting standards where compensating factors are present.

23 340. The First Franklin Mortgage Loan Trust 2006-FF4 Registration
24 Statement stated:

28 121

1 First Franklin Mortgage Loan Trust 2006-FF4 Registration Statement, Aug. 17, 2005,
2 at S-25.

3 341. The First Franklin Mortgage Loan Trust 2006-FF4 Registration
4 Statement and the First Franklin Mortgage Loan Trust 2006-FF4 Post-Effective
5 Amendment No. 1 to Registration Statement stated:

6 In the case of single family loans, cooperative loans and manufactured
7 housing contracts, once all applicable employment, credit and property
8 information is received, the lender makes a determination as to whether
9 the prospective borrower has sufficient monthly income available (as to
10 meet the borrower's monthly obligations on the proposed mortgage loan
11 and other expenses related to the mortgaged property such as property
12 taxes and hazard insurance).

13 First Franklin Mortgage Loan Trust 2006-FF4 Registration Statement, Aug. 17, 2005,
14 at 27; First Franklin Mortgage Loan Trust 2006-FF4 Post-Effective Amendment No. 1
15 to Registration Statement, Nov. 2, 2005, at 27; *see* First Franklin Mortgage Loan Trust
16 2006-FF4 Prospectus, Nov. 17, 2005, at 27.

17 342. The First Franklin Mortgage Loan Trust 2006-FF4 Registration
18 Statement and the First Franklin Mortgage Loan Trust 2006-FF4 Post-Effective
19 Amendment No. 1 to Registration Statement stated:

20 The [] mortgage loans were originated generally in
21 accordance with one of the following income documentation types:
22 "Full Documentation," "Limited Documentation" or "Stated Income."
23 The Underwriting Guidelines are primarily intended to evaluate: (1) the
24 applicant's credit standing and repayment ability and (2) the value and
25 adequacy of the mortgaged property as collateral.

1 First Franklin Mortgage Loan Trust 2006-FF4 Registration Statement, Aug. 17,
2 2005, at S-28; First Franklin Mortgage Loan Trust 2006-FF4 Post-Effective
3 Amendment No. 1 to Registration Statement, Nov. 2, 2005, at S-28.

4 343. The First Franklin Mortgage Loan Trust 2006-FF4 Prospectus
5 Supplement stated:

6 Under the mortgage loan programs, various risk categories are used to
7 grade the likelihood that the applicant will satisfy the repayment
8 conditions of the loan.

9 First Franklin Mortgage Loan Trust 2006-FF4 Prospectus Supplement at S-37; *see* First
10 Franklin Mortgage Loan Trust 2006-FF4 Registration Statement, August 17, 2005, at
11 S-29.

12 344. The Fremont Home Loan Trust 2006-D Prospectus stated:

13 Fremont Investment & Loan provides underwriters with specific
14 underwriting guidelines and maintains strict control procedures to
15 manage the quality of its originations at all locations.

16
17 Fremont Home Loan Trust 2006-D Prospectus, July 11, 2006, at 74; *see*
18 Fremont Home Loan Trust 2006-D Registration Statement, Mar. 17,
19 2006, at 74.

20
21 345. The Fremont Home Loan Trust 2006-D Prospectus stated:

22 Generally, Fremont Investment & Loan's guidelines require an analysis of
23 the following

- 24 • a borrower's creditworthiness, as reflected in particular by the
25 borrower's credit history and employment stability,
26
27
28

- a borrower's "debt-to-income ratio," which measures a borrower's projected income relative to the proposed mortgage payment and to other fixed obligations, and
- the "loan-to-value ratio" of the proposed loan, which measures the adequacy of the mortgaged property to serve as the collateral for a mortgage loan.

Fremont Home Loan Trust 2006-D Prospectus, July 11, 2006, at 74; *see* Fremont Home Loan Trust 2006-D Registration Statement, Mar. 17, 2006, at 74.

346. The Fremont Home Loan Trust 2006-D Prospectus stated:
A borrower's lack of credit payment history and/or relatively low Credit Score, however, will not necessarily preclude Fremont Investment & Loan from making a loan if other favorable borrower characteristics exist, including an adequate debt-to-income ratio or sufficient equity in the property.

Fremont Home Loan Trust 2006-D Prospectus, July 11, 2006, at 75; *see* Fremont Home Loan Trust 2006-D Registration Statement, Mar. 17, 2006, at 75.

347. The Fremont Home Loan Trust 2006-D Prospectus stated:
Fremont Investment & Loan's underwriting standards are primarily intended to assess the ability and willingness of the borrower to repay the debt and to evaluate the adequacy of the mortgaged property as collateral for the mortgage loan. All of the mortgage loans in the mortgage pool were underwritten with a view toward the resale of the mortgage loans in the secondary mortgage market. Fremont Investment & Loan considers, among other things, a mortgagor's Credit Score, past payment history, repayment ability and debt service-to-income ratio, as well as the value, type and use of the mortgaged property.

1 The mortgage loans were underwritten in accordance with Fremont's
2 current underwriting programs, referred to as the Scored Programs
3 ("Scored Programs"). Fremont Investment & Loan began originating
4 mortgage loans pursuant to Scored Programs in 2001 and the Scored
5 Programs have been the exclusive type of origination programs beginning
6 in 2004. Within the Scored Programs, there are three documentation
7 types, Full Documentation, Easy Documentation, and Stated Income.
8 All of the mortgage loans were originated in accordance with Fremont
9 Investment & Loan's underwriting guidelines, subject to various
10 exceptions as described in this section. A Credit Score is used along
11 with, but not limited to, mortgage payment history, seasoning on
12 bankruptcy and/or foreclosure, loan-to-value ratio as an aid to, not a
13 substitute for, the underwriter's judgment. Fremont Investment &
14 Loan's underwriting staff fully reviews each loan to determine whether
15 it's underwriting guidelines for income, assets, employment and collateral
16 are met.

17 Fremont Home Loan Trust 2006-D Prospectus, July 11, 2006, at 76-77; *see* Fremont
18 Home Loan Trust 2006-D Registration Statement, Mar. 17, 2006, at 76-77.

19 348. The Fremont Home Loan Trust 2006-D Prospectus stated:
20 Fremont Investment & Loan conducts a number of quality control
21 procedures, including a post-funding compliance audit as well as a full re-
22 underwriting of a random selection of loans to assure asset quality.

23 Fremont Home Loan Trust 2006-D Prospectus, July 11, 2006, at 78; *see* Fremont
24 Home Loan Trust 2006-D Registration Statement, Mar. 17, 2006, at 78.

25 349. The Fremont Home Loan Trust 2006-D Free Writing Prospectus stated:
26 All of the mortgage loans were underwritten by Fremont's underwriters
27 having the appropriate approval authority. Each underwriter is granted a
28

1 level of authority commensurate with their proven judgment, experience
2 and credit skills. On a case by case basis, Fremont may determine that,
3 based upon compensating factors, a prospective mortgagor not strictly
4 qualifying under the underwriting risk category guidelines described
5 below is nonetheless qualified to receive a loan, i.e., an underwriting
6 exception. Compensating factors may include, but are not limited to, low
7 loan-to-value ratio, low debt to income ratio, substantial liquid assets,
8 good credit history, stable employment and time in residence at the
9 applicant's current address. It is expected that a substantial portion of
10 the mortgage loans may represent such underwriting exceptions.

11 Fremont Home Loan Trust 2006-D Free Writing Prospectus, Oct. 24, 2006, at 41; *see*
12 Fremont Home Loan Trust 2006-D Registration Statement, Mar. 17, 2006, at S-38.

13 350. The Fremont Home Loan Trust 2006-D Free Writing Prospectus stated:
14 Fremont conducts a number of quality control procedures, including a
15 post-funding review as well as a full re-underwriting of a random
16 selection of loans to assure asset quality. Under the funding review, all
17 loans are reviewed to verify credit grading, documentation compliance
18 and data accuracy. Under the asset quality procedure, a random selection
19 of each month's originations is reviewed. The loan review confirms the
20 existence and accuracy of legal documents, credit documentation,
21 appraisal analysis and underwriting decision. A report detailing review
22 findings and level of error is sent monthly to each loan production office
23 for response. The review findings and branch responses are then
24 reviewed by Fremont's senior management. Adverse findings are tracked
25 monthly. This review procedure allows Fremont to assess programs for
26 potential guideline changes, program enhancements, appraisal policies,
27
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1 areas of risk to be reduced or eliminated and the need for additional staff
2 training.

3 Fremont Home Loan Trust 2006-D Free Writing Prospectus, Oct. 24, 2006, at 42; *see*
4 Fremont Home Loan Trust 2006-D Registration Statement, Mar. 17, 2006, at S-38-39.

5 351. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus stated:

6 In general, each lender or loan seller will represent and warrant that all
7 mortgage loans originated and/or sold by it to us or one of our affiliates
8 will have been underwritten in accordance with standards consistent with
9 those used by mortgage lenders or manufactured home lenders during
10 the period of origination or such other standards as we have required of
11 such lender or loan seller, in any case, as specified in the applicable
12 prospectus supplement.

13 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus, Oct. 6, 2006, at 28-29; *see*
14 GreenPoint Mortgage Funding Trust 2006-OH1 Registration Statement, Mar. 29,
15 2006, at 28-29.

16 352. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus further
17 stated:

18 The lender or an agent acting on the lender's behalf applies the
19 underwriting standards to evaluate the borrower's credit standing and
20 repayment ability, and to evaluate the value and adequacy of the
21 mortgaged property as collateral. In general, the lender may require that
22 a prospective borrower fill out a detailed application designed to provide
23 to the underwriting officer pertinent credit information.

24 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus, Oct. 6, 2006, at 29;
25 *see* GreenPoint Mortgage Funding Trust 2006-OH1 Registration Statement,
26 Mar. 29, 2006, at 29; GreenPoint Mortgage Funding Trust 2006-OH1
27 Prospectus, Oct. 6, 2006, at 29 ("As a part of the description of the borrower's

1 financial condition, the lender may require the borrower to provide a current list
2 of assets and liabilities and a statement of income and expense as well as an
3 authorization to apply for a credit report, which summarizes the borrower's
4 credit history with local merchants and lenders and any record of bankruptcy.
5 The lender may obtain employment verification from an independent source
6 (typically the borrower's employer). The employment verification reports the
7 length of employment with that organization, the current salary and whether it
8 is expected that the borrower will continue such employment in the future. If a
9 prospective borrower is self employed, the lender may require the borrower to
10 submit copies of signed tax returns. The lender may require the borrower to
11 authorize verification of deposits at financial institutions where the borrower
12 has demand or savings accounts. In determining the adequacy of the mortgaged
13 property as collateral, the lender will generally obtain an appraisal to determine
14 the fair market value of each property considered for financing.”).

15 353. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus stated:

16 In the case of single family loans, cooperative loans and manufactured
17 housing contracts, once all applicable employment, credit and property
18 information is received, the lender makes a determination as to whether
19 the prospective borrower has sufficient monthly income available (as to
20 meet the borrower's monthly obligations on the proposed mortgage loan
21 and other expenses related to the mortgaged property such as property
22 taxes and hazard insurance). The underwriting standards applied by
23 lenders may be varied in appropriate cases where factors such as low
24 Loan-to-Value Ratios or other favorable credit factors exist.

25 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus, Oct. 6, 2006, at 29; *see*
26 GreenPoint Mortgage Funding Trust 2006-OH1 Registration Statement, Mar. 29, 2006,
27 at 29.

1 354. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus stated:
2 “All of the mortgage loans that GSMC may acquire through its conduit program will
3 be acquired generally in accordance with the underwriting criteria described in this
4 section.” GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus, Oct. 6, 2006, at
5 30.

6 355. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus stated:
7 Generally, each borrower applying for a mortgage loan must complete a
8 credit application. The credit application is designed to provide the
9 originating lender with relevant credit information about the prospective
10 borrower such as information with respect to the borrower’s assets,
11 liabilities, income (except as described below), credit history, employment
12 history and personal information. In addition, prospective borrowers
13 generally must provide an authorization to apply for a credit report. A
14 credit report summarizes the borrower’s past credit experience with
15 lenders and other debtors, including any record of bankruptcy.
16 Sometimes, the borrower is required to authorize the originating lender
17 to verify deposits at financial institutions identified by the borrower as
18 institutions at which the borrower maintains demand or savings accounts.
19 The originating lender may also consider certain non-wage income of the
20 borrower in the underwriting process, including income derived from
21 mortgaged properties that are investment properties or two- to four-unit
22 dwellings. Generally, the originating lender will not consider income
23 derived from vacation or second homes in the underwriting process.
24 Certain borrowers with acceptable payment histories are not required to
25 state their income on their loan application and, as a result, the
26 originating lender does not verify their income.

1 Based on the data referred to above (and verification of that data, to the
2 extent required), the originating lender makes a determination about
3 whether the borrower's monthly income (if required to be stated) will be
4 sufficient to enable the borrower to meet its monthly obligations on the
5 mortgage loan and other expenses related to the property, including
6 property taxes, utility costs, standard hazard insurance and other fixed
7 and revolving obligations other than housing expenses. Generally,
8 scheduled payments on a mortgage loan during the first twelve months of
9 its term plus taxes and insurance and all scheduled payments on
10 obligations that extend beyond ten months may equal no more than a
11 specified percentage of the prospective borrower's gross income. The
12 permitted percentage is determined on the basis of various underwriting
13 criteria, including the LTV ratio of the mortgage loan and, in certain
14 instances, the amount of liquid assets available to the borrower after
15 origination.

16 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus, Oct. 6, 2006, at 30; *see*
17 GreenPoint Mortgage Funding Trust 2006-OH1 Registration Statement, Mar. 29,
18 2006, at 30.

19 356. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus
20 Supplement provided:

21 *Underwriting Methodology.* The methodology used in underwriting the
22 extension of credit for each Mortgage Loan does not rely solely on the
23 extent of the Mortgagor's equity in the collateral as the principal
24 determining factor in approving such extension of credit. The
25 methodology employed objective criteria, such as the Mortgagor's
26 income, assets and liabilities, to the proposed mortgage payment and,
27 based on such methodology, the Mortgage Loan's originator made a

1 reasonable determination that at the time of origination the Mortgagor
2 had the ability to make timely payments on the Mortgage Loan. Such
3 underwriting methodology confirmed that at the time of origination
4 (application/approval) the Mortgagor had a reasonable ability to make
5 timely payments on the Mortgage Loan[.]

6 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus Supplement at S-58.

7 357. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus
8 Supplement provided:

9 *Acceptable Investment.* There are no circumstances or conditions with
10 respect to the mortgage, the Mortgaged Property, the Mortgagor, the
11 mortgage file or the Mortgagor's credit standing that can reasonably be
12 expected to cause private institutional investors to regard the Mortgage
13 Loan as an unacceptable investment, cause the Mortgage Loan to become
14 delinquent, or adversely affect the value or marketability of the Mortgage
15 Loan, or cause the Mortgage Loans to prepay during any period
16 materially faster or slower than the mortgage loans originated by the
17 Seller generally[.]

18 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus Supplement at S-56.

19 358. The GSR Mortgage Loan Trust 2007-OA1 Prospectus stated:

20 The lender or an agent acting on the lender's behalf applies the
21 underwriting standards to evaluate the borrower's credit standing and
22 repayment ability, and to evaluate the value and adequacy of the
23 mortgaged property as collateral.

24 GSR Mortgage Loan Trust 2007-OA1 Prospectus, Feb. 13, 2007, at 29; GSR Mortgage
25 Loan Trust 2006-OA1 Prospectus, Aug. 3, 2006, at 29; *see* GSR Mortgage Loan Trust
26 2007-OA1 Registration Statement, Jan. 5, 2007, at 29; GSR Mortgage Loan Trust
27 2006-OA1 Registration Statement, Mar. 29, 2006, at 29.

1 359. The GSR Mortgage Loan Trust 2007-OA1 Prospectus stated:
2 In the case of single family loans, cooperative loans and manufactured
3 housing contracts, once all applicable employment, credit and property
4 information is received, the lender makes a determination as to whether
5 the prospective borrower has sufficient monthly income available (as to
6 meet the borrower's monthly obligations on the proposed mortgage loan
7 and other expenses related to the mortgaged property such as property
8 taxes and hazard insurance).

9 GSR Mortgage Loan Trust 2007-OA1 Prospectus, Feb. 13, 2007, at 29; GSR Mortgage
10 Loan Trust 2006-OA1 Prospectus, Aug. 3, 2006, at 29; *see also* GSR Mortgage Loan
11 Trust 2007-OA1 Registration Statement, Jan. 5, 2007, at 29; GSR Mortgage Loan
12 Trust 2006-OA1 Registration Statement, Mar. 29, 2006, at 29.

13 360. The GSR Mortgage Loan Trust 2007-OA1 Prospectus stated:
14 All of the mortgage loans that GSMC may acquire through its conduit
15 program will be acquired generally in accordance with the underwriting
16 criteria described in this section.

17 ...

18 Generally, each borrower applying for a mortgage loan must complete a
19 credit application. The credit application is designed to provide the
20 originating lender with relevant credit information about the prospective
21 borrower such as information with respect to the borrower's assets,
22 liabilities, income (except as described below), credit history, employment
23 history and personal information. In addition, prospective borrowers
24 generally must provide an authorization to apply for a credit report. ...
25 Certain borrowers with acceptable payment histories are not required to
26 state their income on their loan application and, as a result, the
27 originating lender does not verify their income.

1 Based on the data referred to above (and verification of that data, to the
2 extent required), the originating lender makes a determination about
3 whether the borrower's monthly income (if required to be stated) will be
4 sufficient to enable the borrower to meet its monthly obligations on the
5 mortgage loan and other expenses related to the property, including
6 property taxes, utility costs, standard hazard insurance and other fixed
7 and revolving obligations other than housing expenses. . . . The
8 permitted percentage is determined on the basis of various underwriting
9 criteria. . . .

10 GSR Mortgage Loan Trust 2007-OA1 Prospectus, Feb. 13, 2007, at 29-30; GSR
11 Mortgage Loan Trust 2006-OA1 Prospectus, Aug. 3, 2006, at 30; *see* GSR Mortgage
12 Loan Trust 2007-OA1 Registration Statement, Jan. 5, 2007, at 30; GSR Mortgage Loan
13 Trust 2006-OA1 Registration Statement, Mar. 29, 2006, at 30.

14 361. The GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement
15 stated:

16 Countrywide Home Loans' underwriting standards are applied by or on
17 behalf of Countrywide Home Loans to evaluate the prospective
18 borrower's credit standing and repayment ability and the value and
19 adequacy of the mortgaged property as collateral. Under those standards,
20 a prospective borrower must generally demonstrate that the ratio of the
21 borrower's monthly housing expenses . . . are within acceptable limits. . . .

22 In addition to meeting the debt-to-income ratio guidelines, each
23 prospective borrower is required to have sufficient cash resources to pay
24 the down payment and closing costs. Exceptions to Countrywide Home
25 Loans' underwriting guidelines may be made if compensating factors are
26 demonstrated by a prospective borrower.

1 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-60; GSR Mortgage
2 Loan Trust 2006-OA1 Prospectus Supplement at S-51-52; *see* GSR Mortgage Loan
3 Trust 2007-OA1 Free Writing Prospectus, May 3, 2007, at S-50.

4 362. The GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement
5 stated:

6 Quicken Loans' underwriting standards for the Secure Advantage
7 program follow prudent and generally accepted mortgage industry
8 underwriting standards and are intended to evaluate the borrower's credit
9 standing, repayment ability, and the value and adequacy of the proposed
10 mortgaged property as collateral.

11 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-65; *see* GSR
12 Mortgage Loan Trust 2007-OA1 Free Writing Prospectus, May 3, 2007, at S-55.

13 363. The GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement
14 represented:

15 Although borrowers are assessed against Quicken Loans' underwriting
16 standards, prudent exceptions may be made on a case by case basis.
17 Exceptions may be allowed if the application reflects strong
18 compensating factors, such as, a lower debt-to-income ratio, higher credit
19 scores, low loan-to-value ratio, significant asset reserves, stable
20 employment or ownership at current residence.

21 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-67; *see* GSR
22 Mortgage Loan Trust 2007-OA1 Free Writing Prospectus, May 3, 2007, at S-57.

23 364. The Long Beach Mortgage Loan Trust Series 2006-11 Amendment No. 1
24 to Registration Statement stated: "The sponsor's underwriting guidelines are primarily
25 intended to evaluate the prospective borrower's credit standing and repayment ability
26 as well as the value and adequacy of the mortgaged property as collateral." Long
27

1 Beach Mortgage Loan Trust Series 2006-11 Amendment No. 1 to Registration
2 Statement, Mar. 21, 2006, at S-38.

3 365. The Amendment No. 1 to Registration Statement also stated:

4 The depositor expects that the originator of each of the mortgage loans
5 will have applied, consistent with applicable federal and state laws and
6 regulations, underwriting procedures intended to evaluate the borrower's
7 credit standing and repayment ability and/or the value and adequacy of
8 the related mortgaged property as collateral.

9 Long Beach Mortgage Loan Trust Series 2006-11 Amendment No. 1 to Registration
10 Statement, Mar. 21, 2006, at 26; *see id.* at 2 ("Each mortgage loan to be transferred to a
11 trust will have been originated in accordance with the underwriting guidelines applied
12 by the originator of that mortgage loan."); Long Beach Mortgage Loan Trust 2006-11
13 Prospectus, July 21, 2006, at 28 ("The depositor expects that the originator of each of
14 the mortgage loans will have applied, consistent with applicable federal and state laws
15 and regulations, underwriting procedures intended to evaluate the borrower's credit
16 standing and repayment ability and/or the value and adequacy of the related
17 mortgaged property as collateral.").

18 366. The Long Beach Mortgage Loan Trust 2006-11 Amendment No. 1 to
19 Registration Statement stated:

20 During the underwriting or re-underwriting process, the sponsor reviews
21 and verifies the prospective borrower's sources of income (only under
22 the full documentation residential loan program), calculates the amount
23 of income from all such sources indicated on the loan application,
24 reviews the credit history and credit score(s) of the prospective borrower
25 and calculates the debt-to-income ratio to determine the prospective
26 borrower's ability to repay the loan, and determines whether the
27 mortgaged property complies with the sponsor's underwriting guidelines.

1 Long Beach Mortgage Loan Trust Series 2006-11 Amendment No. 1 to Registration
2 Statement, Mar. 21, 2006, at S-38; *see* Long Beach Mortgage Loan Trust 2006-11
3 Prospectus, July 21, 2006, at 29:

4
5 Initially, a prospective borrower is required to complete an application
6 with respect to the applicant's liabilities, income and credit history and
7 personal information, as well as an authorization to apply for a credit
8 report that summarizes the borrower's reported credit history with local
9 merchants and lenders and any record of bankruptcy. In addition, an
10 employment verification is obtained that reports the borrower's current
11 salary and may contain information regarding length of employment. If a
12 prospective borrower is self-employed, the borrower is required to
13 submit copies of signed tax returns or other proof of business income.
14 The borrower may also be required to authorize verification of deposits
15 at financial institutions where the borrower has demand or savings
16 accounts. In the case of a multifamily loan, commercial loan or mixed-
17 use loan, the mortgagor will also be required to provide certain
18 information regarding the related mortgaged property, including a current
19 rent roll and operating income statements which may be pro forma and
20 unaudited. In addition, the originator will generally also consider the
21 location of the mortgaged property, the availability of competitive lease
22 space and rental income of comparable properties in the relevant market
23 area, the overall economy and demographic features of the geographic
24 area and the mortgagor's prior experience in owning and operating
25 properties similar to the multifamily properties or commercial properties,
26 as the case may be.

27 367. The Long Beach Mortgage Loan Trust 2006-11 Amendment No. 1 to
28

1 Registration Statement stated:

2 While the underwriting guidelines of each originator will have been
3 approved by an affiliate of the depositor, the underwriting guidelines,
4 including documentation requirements, of some originators may be less
5 restrictive than those of other originators. Moreover, some underwriting
6 guidelines may result in a less accurate assessment of the borrower's
7 credit standing and repayment ability and/or the value and adequacy of
8 the related mortgaged property as collateral.

9 Long Beach Mortgage Loan Trust 2006-11 Amendment No. 1 to Registration
10 Statement, Mar. 21, 2006, at 2; *see* Long Beach Mortgage Loan Trust 2006-11
11 Prospectus, July 21, 2006, at 3.

12 368. The RALI Series offerings represented the following underwriting
13 guidelines set by RFC would apply to every originator contributing loans to the
14 offering:

15 The depositor expects that the originator of each of the mortgage loans
16 will have applied, consistent with applicable federal and state laws and
17 regulations, underwriting procedures intended to evaluate the borrower's
18 credit standing and repayment ability and/or the value and adequacy of
19 the related property as collateral.

20 RALI Series 2007-QH6 Trust Prospectus, Apr. 9, 2007, at 17; RALI Series 2006-
21 QO10 Trust Prospectus, Dec. 6, 2006, at 12; RALI Series 2007-QH2 Trust
22 Prospectus, Dec/ 6, 2006, at 12; RALI Series 2007-QH3 Trust Prospectus, Dec. 6,
23 2006, at 12; RALI Series 2007-QH5 Trust Prospectus, Apr. 9, 2007, at 17; RALI Series
24 2006-QO6 Trust Prospectus, Mar. 3, 2006, at 12; *see also* RALI Series 2007-QH6 Trust
25 Registration Statement, Feb. 12, 2007, at 17; RALI Series 2006-QO10 Trust
26 Registration Statement, Jan. 23, 2006, at 13; RALI Series 2007-QH2 Trust Registration
27 Statement, Jan. 23, 2006, at 13; RALI Series 2007-QH3 Trust Registration Statement,

1 Jan. 23, 2006, at 13; RALI Series 2007-QH5 Trust Registration Statement, Feb. 12,
2 2007, at 17; RALI Series 2006-QO6 Trust Registration Statement, Jan. 23, 2006, at 13.

3 369. The RALI Series offerings represented the following underwriting
4 guidelines set by RFC would apply to every originator contributing loans to the
5 offering:

6 Program Underwriting Standards. In accordance with the Seller Guide,
7 the Expanded Criteria Program Seller is required to review an application
8 designed to provide the original lender pertinent credit information
9 concerning the mortgagor. As part of the description of the mortgagor's
10 financial condition, each mortgagor is required to furnish information,
11 which may have been supplied solely in the application, regarding its
12 assets, liabilities, income (except as described below), credit history and
13 employment history, and to furnish an authorization to apply for a credit
14 report which summarizes the borrower's credit history with local
15 merchants and lenders and any record of bankruptcy.

16 RALI Series 2007-QH6 Trust Prospectus Supplement at S-47; RALI Series 2006-QO10
17 Trust Prospectus Supplement at S-48; RALI Series 2007-QH2 Trust Prospectus
18 Supplement at S-44; RALI Series 2007-QH3 Trust Prospectus Supplement at S-47;
19 RALI Series 2007-QH5 Trust Prospectus Supplement at S-53; RALI Series 2006-QO6
20 Trust Prospectus Supplement at S-45; *see* RALI Series 2007-QH6 Trust Registration
21 Statement, Feb.12, 2007, at S-42; RALI Series 2006-QO10 Trust Registration
22 Statement, Jan. 23, 2006, at S-43; RALI Series 2007-QH2 Trust Registration Statement,
23 Jan. 23, 2006, at S-43; RALI Series 2007-QH3 Trust Registration Statement, Jan. 23,
24 2006, at S-43; RALI Series 2007-QH5 Trust Registration Statement, Feb. 12, 2007, at S-
25 42; RALI Series 2006-QO6 Trust Registration Statement, Jan. 23, 2006, at S-43.

1 370. The RALI Series offerings represented the following underwriting
2 guidelines set by RFC would apply to every originator contributing loans to the
3 offering:

4 Based on the data provided in the application and certain verifications, if
5 required, a determination is made by the original lender that the
6 mortgagor's monthly income, if required to be stated, will be sufficient to
7 enable the mortgagor to meet its monthly obligations on the mortgage
8 loan and other expenses related to the property, including property taxes,
9 utility costs, standard hazard insurance and other fixed obligations.

10 RALI Series 2007-QH6 Trust Prospectus Supplement at S-48; RALI Series 2006-
11 QO10 Trust Prospectus Supplement at S-48; RALI Series 2007-QH2 Trust Prospectus
12 Supplement at S-44; RALI Series 2007-QH3 Trust Prospectus Supplement, at S-47-48;
13 RALI Series 2007-QH5 Trust Prospectus Supplement at S-54; RALI Series 2006-QO6
14 Trust Prospectus Supplement at S-45; *see* RALI Series 2007-QH6 Trust Registration
15 Statement, Feb. 12, 2007, at S-42; RALI Series 2006-QO10 Trust Registration
16 Statement, Jan. 23, 2006, at S-43; RALI Series 2007-QH2 Trust Registration
17 Statement, Jan. 23, 2006, at S-43; RALI Series 2007-QH3 Trust Registration
18 Statement, Jan. 23, 2006, at S-43; RALI Series 2007-QH5 Trust Registration
19 Statement, Feb. 12, 2007, at S-42; RALI Series 2006-QO6 Trust Registration
20 Statement, Jan. 23, 2006, at S-43.

21 371. UNTRUE STATEMENTS AND OMITTED INFORMATION: The
22 preceding statements were material at the time they were made, because the quality of
23 the loans in the mortgage pool directly affects the riskiness of the RMBS investment,
24 and the quality of the loans is dependent upon the underwriting process employed.
25 The preceding statements were untrue at the time they were made because, as alleged
26 herein, the Originators did not adhere to the stated underwriting guidelines, did not
27 effectively evaluate the borrowers' ability or likelihood to repay the loans, did not

1 properly evaluate whether the borrower's debt-to-income ratio supported a conclusion
2 that the borrower had the means to meet his/her monthly obligations, and did not
3 ensure that adequate compensating factors justified the granting of exceptions to
4 guidelines. Rather, as alleged herein, the Originators systematically disregarded the
5 stated underwriting guidelines in order to increase the volume of mortgages originated
6 (*see supra* Section VII.D). Further evidence of this fact is found in, among other things,
7 the surge in delinquencies and defaults shortly after the offerings (*see supra* Table 5), the
8 rate at which actual losses outpaced expected losses within the first year after the
9 offerings (*see supra* Figure 2), the collapse of the credit ratings (*see supra* Table 4), and
10 the fact that the Originators were engaged in high OTD lending (*see supra* Table 6).

11 **E. Untrue Statements Concerning Reduced Documentation**
12 **Programs**

13 372. The Alternative Loan Trust 2007-OA4 Prospectus Supplement
14 represented:

15 In connection with the Standard Underwriting Guidelines, Countrywide
16 Home Loans originates or acquires mortgage loans under the Full
17 Documentation Program, the Alternative Documentation Program, the
18 Reduced Documentation Program, the CLUES Plus Documentation
19 Program or the Streamlined Documentation Program.

20
21 The Alternative Documentation Program permits a borrower to provide
22 W-2 forms instead of tax returns covering the most recent two years,
23 permits bank statements in lieu of verification of deposits and permits
24 alternative methods of employment verification.

25
26 Under the Reduced Documentation Program, some underwriting
27 documentation concerning income, employment and asset verification is
28

1 waived. Countrywide Home Loans obtains from a prospective borrower
2 either a verification of deposit or bank statements for the two-month
3 period immediately before the date of the mortgage loan application or
4 verbal verification of employment. Since information relating to a
5 prospective borrower's income and employment is not verified, the
6 borrower's debt-to-income ratios are calculated based on the information
7 provided by the borrower in the mortgage loan application. The
8 maximum Loan-to-Value Ratio ranges up to 95%.

9
10 The CLUES Plus Documentation Program permits the verification of
11 employment by alternative means, if necessary, including verbal
12 verification of employment or reviewing paycheck stubs covering the pay
13 period immediately prior to the date of the mortgage loan application. To
14 verify the borrower's assets and the sufficiency of the borrower's funds
15 for closing, Countrywide Home Loans obtains deposit or bank account
16 statements from each prospective borrower for the month immediately
17 prior to the date of the mortgage loan application. Under the CLUES
18 Plus Documentation Program, the maximum Loan-to-Value Ratio is 75%
19 and property values may be based on appraisals comprising only interior
20 and exterior inspections. Generally, cash-out refinances and investor
21 properties are not permitted under the CLUES Plus Documentation
22 Program.

23
24 The Streamlined Documentation Program is available for borrowers who
25 are refinancing an existing mortgage loan that was originated or acquired
26 by Countrywide Home Loans provided that, among other things, the
27 mortgage loan has not been more than 30 days delinquent in payment

1 during the previous twelve-month period. Under the Streamlined
2 Documentation Program, appraisals are obtained only if the loan amount
3 of the loan being refinanced had a Loan-to-Value Ratio at the time of
4 origination in excess of 80% or if the loan amount of the new loan being
5 originated is greater than \$650,000. In addition, under the Streamlined
6 Documentation Program, a credit report is obtained but only a limited
7 credit review is conducted, no income or asset verification is required,
8 and telephonic verification of employment is permitted. The maximum
9 Loan-to-Value Ratio under the Streamlined Documentation Program
10 ranges up to 95%.

11 Alternative Loan Trust 2007-OA4 Prospectus Supplement at S-35-36; *see* Alternative
12 Loan Trust 2007-OA4 Registration Statement, February 7, 2006, at S-55.

13 373. The First Franklin Mortgage Loan Trust 2006-FF4 Registration
14 Statement and the First Franklin Mortgage Loan Trust 2006-FF4 Post-Effective
15 Amendment No. 1 to Registration Statement stated:

16 The no income/no asset verification program, emphasizes the value and
17 adequacy of the mortgaged property as collateral and credit history rather
18 than the borrower's verified income and assets. ***Only borrowers with***
19 ***excellent credit histories may obtain mortgage loans underwritten***
20 ***under no income/no asset verification.***

21 First Franklin Mortgage Loan Trust 2006-FF4 Registration Statement, Aug. 17, 2005,
22 at S-12; First Franklin Mortgage Loan Trust 2006-FF4 Post-Effective Amendment No.
23 1 to Registration Statement, Nov. 2, 2005, at S-12. (Emphasis added.)

24 374. The First Franklin Mortgage Loan Trust 2006-FF4 Prospectus
25 Supplement stated:

26 ... under the [No Income Verification] Program, applicants are qualified
27 based on monthly income as stated on the mortgage application and the

1 underwriter will determine that the stated income is reasonable and
2 realistic when compared to borrower's employment type, assets and
3 credit history.

4 First Franklin Mortgage Loan Trust 2006-FF4 Prospectus Supplement at S-36; *see* First
5 Franklin Mortgage Loan Trust 2006-FF4 Free Writing Prospectus, Mar. 3, 2006, at S-
6 37.

7 375. The Fremont Home Loan Trust 2006-D Prospectus Supplement
8 represented:

9 There are three documentation types, Full Documentation ("**Full**
10 **Documentation**"), Easy Documentation ("**Easy Documentation**") and
11 Stated Income ("**Stated Income**"). Fremont's underwriters verify the
12 income of each applicant under various documentation types as follows:
13 under Full Documentation, applicants are generally required to submit
14 verification of stable income for the periods of one to two years
15 preceding the application dependent on credit profile; under Easy
16 Documentation, the borrower is qualified based on verification of
17 adequate cash flow by means of personal or business bank statements;
18 under Stated Income, applicants are qualified based on monthly income
19 as stated on the mortgage application. The income is not verified under
20 the Stated Income program; however, the income stated must be
21 reasonable and customary for the applicant's line of work.

22 Fremont Home Loan Trust 2006-D Prospectus Supplement at 41; *see* Fremont Home
23 Loan Trust 2006-D Prospectus, July 11, 2006, at 78.

24 376. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus
25 Supplement stated:

26 GreenPoint acquires or originates many mortgage loans under "limited
27 documentation" or "no documentation" programs. Under limited

1 documentation programs, more emphasis is placed on the value and
2 adequacy of the mortgaged property as collateral, credit history and other
3 assets of the borrower, than on verified income of the borrower.
4 Mortgage loans underwritten under this type of program are generally
5 limited to borrowers with credit histories that demonstrate an established
6 ability to repay indebtedness in a timely fashion, and certain credit
7 underwriting documentation concerning income or income verification
8 and/or employment verification is waived. Mortgage loans originated and
9 acquired with limited documentation programs include cash-out
10 refinance loans, super-jumbo mortgage loans and mortgage loans secured
11 by investor-owned properties. Permitted maximum loan-to-value ratios
12 (including secondary financing) under limited documentation programs
13 are generally more restrictive than mortgage loans originated with full
14 documentation requirements. Under no documentation programs,
15 income ratios for the prospective borrower are not calculated. Emphasis
16 is placed on the value and adequacy of the mortgaged property as
17 collateral and the credit history of the prospective borrower, rather than
18 on verified income and assets of the borrower. Documentation
19 concerning income, employment verification and asset verification is not
20 required and income ratios are not calculated. Mortgage loans
21 underwritten under no documentation programs are generally limited to
22 borrowers with favorable credit histories and who satisfy other standards
23 for limited documentation programs.

24 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus Supplement at S-47.

25 377. With respect to Countrywide's documentation programs, the GSR
26 Mortgage Loan Trust 2007-OA1 Prospectus Supplement stated:

1 Under the No Income/No Asset Documentation Program, no
2 documentation relating to a prospective borrower's income, employment
3 or assets is required and therefore debt-to-income ratios are not
4 calculated or included in the underwriting analysis, or if the
5 documentation or calculations are included in a mortgage loan file, they
6 are not taken into account for purposes of the underwriting analysis.
7 This program is limited to borrowers with excellent credit histories.
8 Under the No Income/No Asset Documentation Program, the
9 maximum Loan-to-Value Ratio, including secondary financing, ranges up
10 to 95%. Mortgage loans originated under the No Income/No Asset
11 Documentation Program are generally eligible for sale to Fannie Mae or
12 Freddie Mac.

13 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-64-65; GSR
14 Mortgage Loan Trust 2006-OA1 Prospectus Supplement at S-56; *see* GSR Mortgage
15 Loan Trust 2007-OA1 Free Writing Prospectus, May 3, 2007, at S-54.

16 378. The GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement
17 continued:

18 Under the Stated Income/Stated Asset Documentation Program, the
19 mortgage loan application is reviewed to determine that the stated
20 income is reasonable for the borrower's employment and that the stated
21 assets are consistent with the borrower's income.

22 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-65; GSR Mortgage
23 Loan Trust 2006-OA1 Prospectus Supplement at S-56; *see* GSR Mortgage Loan Trust
24 2007-OA1 Free Writing Prospectus, May 3, 2007, at S-55.

25 379. With respect to Quicken Loan's documentation programs, the GSR
26 Mortgage Loan Trust 2007-OA1 Prospectus Supplement stated:
27
28

1 Quicken Loans originates the Secure Advantage product under two
2 documentation programs: full and stated income/verified asset. Quicken
3 Loans' full documentation program requires the verification of liabilities,
4 income and assets. Acceptable documentation for income verification
5 may include, but is not limited to, the borrower's most recent pay stubs,
6 previous two years of W2 forms and a verbal verification of employment.
7

8 The borrower's assets are generally verified by obtaining two consecutive
9 months of bank account statements and such statements are reviewed to
10 ensure that sufficient funds are available to meet the asset reserve
11 requirements of the program.
12

13 Generally, under the stated income/verified assets program, the borrower
14 states his/her income and provides Quicken Loans with two years of
15 employment history. Quicken Loans verbally verifies the borrower's
16 employment history without confirmation of income. In determining the
17 borrower's ability to meet their monthly obligations, the stated income
18 amount is assessed relative to the borrower's current employment status
19 and tenure. Quicken Loans may also use various online sources to ensure
20 the borrower's stated income is reasonable relative to their employment
21 position. To verify a borrower's assets, Quicken Loans obtains bank
22 statements from the two most recent months and verifies that sufficient
23 funds are available to meet the asset reserve requirements of the
24 program.

25 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-68; *see* GSR
26 Mortgage Loan Trust 2007-OA1 Free Writing Prospectus, May 3, 2007, at S-58.

27 380. The Long Beach Mortgage Loan Trust 2006-11 Prospectus Supplement
28

1 stated:

2 The mortgage loans have been, or will be, originated or re-underwritten
3 upon acquisition, generally in accordance with the Long Beach guidelines
4 under the Long Beach full documentation, limited documentation or
5 stated income documentation residential loan programs.

6
7 Under the full documentation residential loan program, salaried
8 prospective borrowers are generally required to submit their most recent
9 W-2s and pay stubs and self-employed prospective borrowers are
10 generally required to submit their most recent federal income tax return.

11 Under the stated income documentation residential loan program,
12 prospective borrowers are required to state their income on the
13 application but are not required to submit any documents in support.

14 Under the limited documentation residential loan program, salaried
15 prospective borrowers or self-employed prospective borrowers are
16 generally required to submit their most recent six months of personal
17 bank statements or business bank statements. Under the limited
18 documentation and stated income documentation residential loan
19 programs, the prospective borrower's employment and income sources
20 must be stated on the prospective borrower's application. The
21 prospective borrower's income as stated must be reasonable for the
22 related occupation and such determination as to reasonableness is subject
23 to the loan underwriter's discretion. However, the prospective borrower's
24 income as stated on the application is not independently verified.
25 Verification of employment is required for salaried prospective
26 borrowers. Maximum loan-to-value ratios under the stated income
27 documentation residential loan programs are generally lower than those

1 permitted under the full documentation and limited documentation
2 residential loan programs. Generally, the same underwriting guidelines
3 that apply to the full documentation and limited documentation
4 residential loan programs, except as noted in this section, apply to the
5 stated income documentation residential loan programs.

6 Long Beach Mortgage Loan Trust 2006-11 Prospectus Supplement at S-38.

7 381. The RALI Series offerings represented the following underwriting
8 guidelines set by RFC would apply to every originator contributing loans to the
9 offering:

10 General Standards

11
12 In most cases, under a traditional “full documentation” program, each
13 mortgagor will have been required to complete an application designed to
14 provide to the original lender pertinent credit information concerning the
15 mortgagor. As part of the description of the mortgagor’s financial
16 condition, the mortgagor will have furnished information, which may be
17 supplied solely in the application, with respect to its assets, liabilities,
18 income (except as described below), credit history, employment history
19 and personal information, and furnished an authorization to apply for a
20 credit report that summarizes the borrower’s credit history with local
21 merchants and lenders and any record of bankruptcy. The mortgagor
22 may also have been required to authorize verifications of deposits at
23 financial institutions where the mortgagor had demand [f]or savings
24 accounts. In the case of investment properties and two- to four-unit
25 dwellings, income derived from the mortgaged property may have been
26 considered for underwriting purposes, in addition to the income of the
27 mortgagor from other sources. With respect to mortgaged property

1 consisting of vacation or second homes, no income derived from the
2 property will have been considered for underwriting purposes. In the
3 case of certain borrowers with acceptable payment histories, no income
4 will be required to be stated, or verified, in connection with the loan
5 application.

6
7 If specified in the accompanying prospectus supplement, a mortgage
8 pool may include mortgage loans that have been underwritten pursuant
9 to a streamlined documentation refinancing program. Such program
10 permits some mortgage loans to be refinanced with only limited
11 verification or updating of the underwriting information that was
12 obtained at the time that the original mortgage loan was originated. For
13 example, a new appraisal of a mortgaged property may not be required if
14 the related original mortgage loan was originated up to 24 months prior
15 to the refinancing. In addition, a mortgagor's income may not be
16 verified, although continued employment is required to be verified. In
17 certain circumstances, a mortgagor may be permitted to borrow up to
18 100% of the outstanding principal amount of the original mortgage loan.
19 Each mortgage loan underwritten pursuant to this program will be
20 treated as having been underwritten pursuant to the same underwriting
21 documentation program as the mortgage loan that it refinanced,
22 including for purposes of the disclosure in the accompanying prospectus
23 supplement.

24
25 If specified in the accompanying prospectus supplement, some mortgage
26 loans may have been originated under "limited documentation," "stated
27 documentation" or "no documentation" programs that require less
28

1 documentation and verification than do traditional “full documentation”
2 programs. Under a limited documentation, stated documentation or no
3 documentation program, minimal investigation into the mortgagor’s
4 credit history and income profile is undertaken by the originator and the
5 underwriting may be based primarily or entirely on an appraisal of the
6 mortgaged property and the LTV ratio at origination.

7 RALI Series 2007-QH6 Trust Prospectus, April 9, 2007 at 18; RALI Series 2006-
8 QO10 Trust Prospectus, Dec. 6, 2006, at 12-13; RALI Series 2007-QH2 Trust
9 Prospectus, Dec. 6, 2006, at 12-13; RALI Series 2007-QH3 Trust Prospectus, Dec. 6,
10 2006, at 12-13; RALI Series 2007-QH5 Trust Prospectus, April 9, 2007, at 18; RALI
11 Series 2006-QO6 Trust Prospectus, Mar. 3, 2006, at 12-13; *see also* RALI Series 2007-
12 QH6 Trust Registration Statement, Feb. 12, 2007, at 18; RALI Series 2006-QO10
13 Trust Registration Statement, Jan. 23, 2006, at 13-14; RALI Series 2007-QH2 Trust
14 Registration Statement, Jan. 23, 2006, at 13-14; RALI Series 2007-QH3 Trust
15 Registration Statement, Jan. 23, 2006, at 13-14; RALI Series 2007-QH5 Trust
16 Registration Statement, Feb. 12, 2007, at 18; RALI Series 2006-QO6 Trust
17 Registration Statement, Jan. 23, 2006, at 13-14.

18 382. UNTRUE STATEMENTS AND OMITTED INFORMATION: The
19 preceding statements were material at the time they were made, because the quality of
20 the loans in the mortgage pool directly affects the riskiness of the RMBS investment,
21 and the quality of the loans is dependent upon the underwriting process employed.
22 The preceding statements were untrue at the time they were made, because regardless
23 of the documentation program purportedly employed, the Originators systematically
24 disregarded their underwriting guidelines in order to increase the volume of mortgages
25 originated, emphasizing quantity of loans rather than the quality of those loans (*see*
26 *supra* Section VII.D). Further evidence of this fact is found in, among other things, the
27 surge in delinquencies and defaults shortly after the offerings (*see supra* Table 5), the

1 huge discrepancy between expected and actual losses (*see supra* Figure 2), the collapse
2 of the credit ratings (*see supra* Table 4), and the fact that the Originators were engaged
3 in high OTD lending (*see supra* Table 6).

4 **F. Untrue Statements Concerning Loan-to-Value Ratios**

5 383. The Alternative Loan Trust 2007-OA4 Prospectus Supplement stated:

6 Countrywide Home Loans' Standard Underwriting Guidelines for
7 mortgage loans with non-conforming original principal balances generally
8 allow Loan-to-Value Ratios at origination of up to 95% for purchase
9 money or rate and term refinance mortgage loans with original principal
10 balances of up to \$400,000, up to 90% for mortgage loans with original
11 principal balances of up to \$650,000, up to 75% for mortgage loans with
12 original principal balances of up to \$1,000,000, up to 65% for mortgage
13 loans with original principal balances of up to \$1,500,000, and up to 60%
14 for mortgage loans with original principal balances of up to \$2,000,000.

15
16 For cash-out refinance mortgage loans, Countrywide Home Loans'
17 Standard Underwriting Guidelines for mortgage loans with non-
18 conforming original principal balances generally allow Loan-to-Value
19 Ratios at origination of up to 75% and original principal balances ranging
20 up to \$650,000. The maximum "cash-out" amount permitted is \$200,000
21 and is based in part on the original Loan-to-Value Ratio of the related
22 mortgage loan. As used in this prospectus supplement, a refinance
23 mortgage loan is classified as a cash-out refinance mortgage loan by
24 Countrywide Home Loans if the borrower retains an amount greater than
25 the lesser of 2% of the entire amount of the proceeds from the
26 refinancing of the existing loan, or \$2,000.

1 Countrywide Home Loans' Standard Underwriting Guidelines for
2 conforming balance mortgage loans generally allow Loan-to-Value Ratios
3 at origination on owner occupied properties of up to 95% on 1 unit
4 properties with principal balances up to \$417,000 (\$625,500 in Alaska and
5 Hawaii) and 2 unit properties with principal balances up to \$533,850
6 (\$800,775 in Alaska and Hawaii) and up to 80% on 3 unit properties with
7 principal balances of up to \$645,300 (\$967,950 in Alaska and Hawaii) and
8 4 unit properties with principal balances of up to \$801,950 (\$1,202,925 in
9 Alaska and Hawaii). On second homes, Countrywide Home Loans'
10 Standard Underwriting Guidelines for conforming balance mortgage
11 loans generally allow Loan-to-Value Ratios at origination of up to 95%
12 on 1 unit properties with principal balances up to \$417,000 (\$625,500 in
13 Alaska and Hawaii). Countrywide Home Loans' Standard Underwriting
14 Guidelines for conforming balance mortgage loans generally allow Loan-
15 to-Value Ratios at origination on investment properties of up to 90% on
16 1 unit properties with principal balances up to \$417,000 (\$625,500 in
17 Alaska and Hawaii) and 2 unit properties with principal balances up to
18 \$533,850 (\$800,775 in Alaska and Hawaii) and up to 75% on 3 unit
19 properties with principal balances of up to \$645,300 (\$967,950 in Alaska
20 and Hawaii) and 4 unit properties with principal balances of up to
21 \$801,950 (\$1,202,925 in Alaska and Hawaii).

22 Alternative Loan Trust 2007-OA4 Prospectus Supplement at S-35. At S-36, the
23 Prospectus Supplement also included similar descriptions of the maximum loan-to-
24 value ratios permitted under Countrywide's "Expanded Underwriting Guidelines."

25 384. The First Franklin Mortgage Loan Trust 2006-FF4 Prospectus
26 Supplement represented:
27
28

1 Under the mortgage loan programs, various risk categories are used to
2 grade the likelihood that the applicant will satisfy the repayment
3 conditions of the loan. These risk categories establish the maximum
4 permitted loan-to-value ratio and loan amount, given the occupancy
5 status of the mortgaged property and the applicant's credit history and
6 Debt Ratio. In general, higher credit risk mortgage loans are graded in
7 categories which permit higher Debt Ratios and more (or more recent)
8 major derogatory credit items such as outstanding judgments or prior
9 bankruptcies; however these loan programs establish lower maximum
10 loan-to-value ratios and lower maximum loan amounts for loans graded
11 in such categories.

12 Franklin Mortgage Loan Trust 2006-FF4 Prospectus Supplement at S-37; see Franklin
13 Mortgage Loan Trust 2006-FF4 Free Writing Prospectus, Mar. 3, 2006, at S-38.

14 385. The Fremont Home Loan Trust 2006-D Prospectus Supplement stated:
15 "A+." Under the "A+" category, an applicant must have no 30-day late
16 mortgage payments within the last 12 months and it must be at least 24
17 months since discharge of any Chapter 7 or Chapter 13 bankruptcy
18 and/or foreclosure. The maximum loan-to-value ratio is 100% with a
19 minimum Credit Score of 600. The maximum permitted loan-to-value
20 ratio is reduced for: reduced income documentation, non-owner
21 occupied properties, properties with 3-4 units, properties with rural
22 characteristics or credit scores below 600.

23
24 "A." Under the "A" category, an applicant must have not more than one
25 30-day late mortgage payment within the last 12 months and it must be at
26 least 24 months since discharge of any Chapter 7 or Chapter 13
27 bankruptcy and/or foreclosure. The maximum loan-to-value ratio is

1 100% with a minimum Credit Score of 600. The maximum permitted
2 loan-to-value ratio is reduced for: reduced income documentation, non-
3 owner occupied properties, properties with 3-4 units, properties with
4 rural characteristics or credit scores below 600.

5
6 "A-." Under the "A-" category, an applicant must have not more than
7 three 30-day late mortgage payments within the last 12 months and it
8 must be at least 24 months since discharge of any Chapter 7 or Chapter
9 13 bankruptcy and/or foreclosure. The maximum loan-to-value ratio is
10 90% with a minimum Credit Score of 550. The maximum permitted
11 loan-to-value ratio is reduced for: reduced income documentation, non-
12 owner occupied properties, properties with 3-4 units, properties with
13 rural characteristics or credit scores below 550.

14
15 "B." Under the "B" category, an applicant must have not more than one
16 60-day late mortgage payment within the last 12 months and it must be at
17 least 18 months since discharge of any Chapter 7 or Chapter 13
18 bankruptcy and/or foreclosure. The maximum loan-to-value ratio is 90%
19 with a Credit Score of 550. The maximum permitted loan-to-value ratio is
20 reduced for: reduced income documentation, non-owner occupied
21 properties, properties with 3-4 units, properties with rural characteristics
22 or credit scores under 550.

23
24 "C." Under the "C" category, an applicant must not be more than 90
25 days delinquent with respect to its current mortgage payment and it must
26 be at least 12 months since discharge of any Chapter 7 or Chapter 13
27 bankruptcy and/or foreclosure. The maximum permitted loan-to-value

1 ratio is 85% with a minimum Credit Score of 580. The maximum
2 permitted loan-to-value ratio is reduced for: reduced income
3 documentation, non-owner occupied properties, properties with 3-4
4 units, or properties with rural characteristics.

5
6 “C-.” Under the “C-” category, an applicant must not be more than 150
7 days delinquent with respect to its current mortgage payment and it must
8 not be subject of a Chapter 7 or Chapter 13 bankruptcy and/or
9 foreclosure. The maximum permitted loan-to-value ratio is 70% with a
10 minimum Credit Score of 500. The maximum permitted loan-to-value
11 ratio is reduced for: reduced income documentation, non-owner
12 occupied properties, properties with 3-4 units, or properties with rural
13 characteristics.

14
15 “D.” Under the “D” category, an applicant must not be more than 180
16 days delinquent with respect to its current mortgage payment. Any
17 Chapter 7 or Chapter 13 bankruptcy proceedings and/or foreclosure
18 actions must be paid in connection with closing. The maximum
19 permitted loan-to-value ratio is 65% with a minimum Credit Score of
20 500. The maximum permitted loan-to-value ratio is reduced to 60% if the
21 property is currently subject to foreclosure proceedings.

22 Fremont Home Loan Trust 2006-D Prospectus Supplement at 43-44; *see* Fremont
23 Home Loan Trust 2006-D Free Writing Prospectus, Oct. 24, 2006, at 43-44.

24 386. The GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement
25 represented:

26 Countrywide Home Loans’ Standard Underwriting Guidelines for
27 mortgage loans with non-conforming original principal balances generally

1 allow Loan-to-Value Ratios at origination of up to 95% for purchase
2 money or rate and term refinance mortgage loans with original principal
3 balances of up to \$400,000, up to 90% for mortgage loans with original
4 principal balances of up to \$650,000, up to 75% for mortgage loans with
5 original principal balances of up to \$1,000,000, up to 65% for mortgage
6 loans with original principal balances of up to \$1,500,000, and up to 60%
7 for mortgage loans with original principal balances of up to \$2,000,000.

8 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-62; *see* GSR
9 Mortgage Loan Trust 2007-OA1 Free Writing Prospectus, Apr. 26, 2007, at S-51.

10 387. The GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement
11 continued:

12 Countrywide Home Loans' Expanded Underwriting Guidelines for
13 mortgage loans with non-conforming original principal balances generally
14 allow Loan-to-Value Ratios at origination of up to 95% for purchase
15 money or rate and term refinance mortgage loans with original principal
16 balances of up to \$400,000, up to 90% for mortgage loans with original
17 principal balances of up to \$650,000, up to 80% for mortgage loans with
18 original principal balances of up to \$1,000,000, up to 75% for mortgage
19 loans with original principal balances of up to \$1,500,000 and up to 70%
20 for mortgage loans with original principal balances of up to \$3,000,000.

21 Under certain circumstances, however, Countrywide Home Loans'
22 Expanded Underwriting Guidelines allow for Loan-to-Value Ratios of up
23 to 100% for purchase money mortgage loans with original principal
24 balances of up to \$375,000.

25 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-63; *see* GSR
26 Mortgage Loan Trust 2007-OA1 Free Writing Prospectus, Apr. 26, 2007, at S-53.

27 388. The Long Beach Mortgage Loan Trust 2006-11 Prospectus Supplement
28

1 stated:

2 The Long Beach underwriting guidelines permit first lien mortgage loans
3 with loan-to-value ratios at origination of up to 100%, or 80% if at the
4 time of origination of the first lien mortgage loan, the sponsor also
5 originated a second lien mortgage loan. The Long Beach second lien
6 mortgage loan underwriting guidelines permit second lien mortgage loans
7 with a combined loan-to-value ratios at origination of up to 100%. The
8 maximum allowable loan-to-value ratio varies based upon the residential
9 loan program, income documentation, property type, creditworthiness
10 and debt service-to-income ratio of the prospective borrower and the
11 overall risks associated with the loan decision. The maximum combined
12 loan-to-value ratio, including any second lien mortgage subordinate to the
13 sponsor's first lien mortgage, is generally 100% under the "Premium A,"
14 "A," "A-," "B+" and "B" risk categories, and 95% under the "C" risk
15 category. Noninstitutional (private party) second lien loans are not
16 permitted.

17 Long Beach Mortgage Loan Trust 2006-11 Prospectus Supplement at S-37.

18 389. UNTRUE STATEMENTS AND OMITTED INFORMATION: The
19 preceding statements were material at the time they were made because the riskiness of
20 the RMBS investment is directly dependent on the quality of the underwriting process
21 and adequate assessment and limits on loan-to-value ratios (in addition to accurate
22 appraisals) is key to that process. The preceding statements were untrue at the time
23 they were made because the Originators did not adhere to the maximum loan-to-value
24 ratios as represented in the Offering Documents, encouraged inflated appraisals and
25 frequently granted loans with high loan-to-value ratios with no meaningful assessment
26 of the borrower's ability to repay the loan based on the borrower's credit profile (*see*
27 *supra* Section VII.D). Further evidence of this fact is found in, among other things, the

1 surge in delinquencies and defaults shortly after the offerings (*see supra* Table 5), the
2 huge discrepancy between expected and actual losses (*see supra* Figure 2), the collapse
3 of the credit ratings (*see supra* Table 4), and the fact that the Originators were engaged
4 in high OTD lending (*see supra* Table 6).

5 **G. Untrue Statements Concerning Credit Enhancement**

6 390. The Alternative Loan Trust 2007-OA4 Prospectus Supplement
7 represented:

8 Credit enhancement provides limited protection to holders of certain
9 certificates against shortfalls in payments received on the mortgage loans.

10 This transaction employs the following forms of credit enhancement

11

12 Alternative Loan Trust 2007-OA4 Prospectus Supplement at S-12; *see* Alternative Loan
13 Trust 2007-OA4 Amended Registration Statement, Mar. 6, 2006, at S-14-15.

14 391. The First Franklin Mortgage Loan Trust 2006-FF4 Prospectus
15 Supplement represented:

16 The credit enhancement features described in this prospectus supplement
17 are intended to enhance the likelihood that holders of the Class A
18 certificates, and to a limited extent, the holders of the Class M-1, Class
19 M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class
20 M-8 certificates and, to a lesser degree, the holders of the Class B-1 and
21 Class B-2 certificates, will receive regular payments of interest and
22 principal.

23 First Franklin Mortgage Loan Trust 2006-FF4 Prospectus Supplement at S-19; *see* First
24 Franklin Mortgage Loan Trust 2006-FF4 Free Writing Prospectus, Mar. 3, 2006, at S-
25 20.

26 392. The Fremont Home Loan Trust 2006-D Prospectus stated:

1 The amount of any applicable credit enhancement supporting one or
2 more classes of offered securities, including the subordination of one or
3 more classes of securities, will be determined on the basis of criteria
4 established by each rating agency rating such classes of securities based
5 on an assumed level of defaults, delinquencies, other losses or other
6 factors. We cannot assure you, however, that the loss experience on the
7 related assets will not exceed these assumed levels.

8 Fremont Home Loan Trust 2006-D Prospectus, July 11, 2006, at 17; *see also* Fremont
9 Home Loan Trust 2006-D Registration Statement, Mar. 17, 2006, at 17.

10 393. The GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus
11 Supplement stated:

12 The credit enhancement features described in this prospectus supplement
13 are intended to enhance the likelihood that holders of the class A
14 certificates, and to a limited extent, the holders of the class M-1, class M-
15 2, class M-3, class M-4, class M-5, class M-6, class M-7 and class M-8
16 certificates, will receive regular payments of interest and principal.

17 GreenPoint Mortgage Funding Trust 2006-OH1 Prospectus Supplement at S-26-27.

18 394. The GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement
19 stated:

20 The credit enhancement features described in this prospectus supplement
21 are intended to enhance the likelihood that holders of the senior
22 certificates, and to a limited extent, the holders of the subordinate
23 certificates, will receive regular payments of interest and principal.

24 GSR Mortgage Loan Trust 2007-OA1 Prospectus Supplement at S-32; *see* GSR
25 Mortgage Loan Trust 2006-OA1 Prospectus Supplement at S-28; GSR Mortgage Loan
26 Trust 2007-OA1 Free Writing Prospectus, Apr. 27, 2007, at S-25.

27 395. The Long Beach Mortgage Loan Trust 2006-11 Prospectus Supplement
28

1 stated:

2 The credit enhancement features described in the summary of this
3 prospectus supplement are intended to enhance the likelihood that
4 holders of the Class A Certificates, and to a limited extent, the holders of
5 the Mezzanine Certificates and the Class B Certificates, will receive
6 regular payments of interest and principal.

7 Long Beach Mortgage Loan Trust 2006-11 Prospectus Supplement at S-19; *see* Long
8 Beach Mortgage Loan Trust 2006-11 Registration Statement, Jan. 24, 2006, at the
9 “Risk Factors” section.

10 396. The RALI Series offerings represented the following underwriting
11 guidelines set by RFC would apply to every originator contributing loans to the
12 offering:

13 The credit enhancement for the benefit of the offered certificates
14 consists of:

15
16 Excess Cash Flow. Because more interest with respect to the mortgage
17 loans is payable by the mortgagors than is expected to be necessary to
18 pay the interest on the Class A, Class M and Class B Certificates each
19 month and related expenses, there may be excess cash flow. Some of this
20 excess cash flow may be used to protect the offered certificates against
21 some realized losses by making an additional payment of principal up to
22 the amount of the realized losses.

23 RALI Series 2007-QH6 Trust Prospectus Supplement at S-15; *see* RALI Series 2006-
24 QO10 Trust Prospectus Supplement at S-14; RALI Series 2007-QH2 Trust Prospectus
25 Supplement at S-13; RALI Series 2007-QH3 Trust Prospectus Supplement at S-13;
26 RALI Series 2007-QH5 Trust Prospectus Supplement at S-15; RALI Series 2006-QO6
27 Trust Prospectus Supplement at S-13.

1 397. UNTRUE STATEMENTS AND OMITTED INFORMATION: The
2 preceding statements were material at the time they were made, because U.S. Central
3 and WesCorp nearly always purchased the highest rated tranches of the RMBS, and
4 those highly rated tranches relied on the credit enhancement, which purportedly
5 afforded protection against financial loss. The preceding statements were untrue at the
6 time they were made, because, due to the Originators' systematic disregard of
7 underwriting standards, the mortgages in the pools were fatally impaired at the outset
8 and destined to fail (*see supra* Section VII.D). This rendered the protection allegedly
9 afforded by the credit enhancement in the highest tranches illusory. Further evidence
10 of the Originators' pervasive disregard of underwriting standards is found in the surge
11 in delinquencies and defaults shortly after the offerings (*see supra* Table 5); the huge
12 discrepancy between expected and actual losses (*see supra* Figure 2); the collapse of the
13 credit ratings (*see supra* Table 4); and the Originators' high OTD lending (*see supra* Table
14 6).

15 **IX. THE CLAIMS ARE TIMELY**

16 398. For actions brought by the NCUA Board as Liquidating Agent, the FCU
17 Act extends the statute of limitations for at least three years from the date of the
18 appointment of the NCUA Board as Conservator or Liquidating Agent. *See* 12 U.S.C.
19 § 1787(b)(14)(B)(i).

20 399. The NCUA Board placed U.S. Central and WesCorp under
21 conservatorship and appointed itself as conservator on March 20, 2009. On October
22 1, 2010, the NCUA Board placed U.S. Central and WesCorp into liquidation and
23 appointed itself as Liquidating Agent.

24 400. Actions brought under Sections 11 and 12(a)(2) of the Securities Act
25 must be:

26 brought within one year after the discovery of the untrue statement or
27 the omission, or after such discovery should have been made by the
28

1 exercise of reasonable diligence. . . . In no event shall any such action be
2 brought to enforce a liability created under section 77k or 77(a)(1) of this
3 title more than three years after the security was bona fide offered to the
4 public, or under section 77(a)(2) of this title more than three years after
5 the sale.

6 15 U.S.C. § 77m.

7 401. Actions brought under section 17-12a509 of the Kansas Uniform
8 Securities Act must be brought within “within the earlier of two years after discovery
9 of the facts constituting the violation or five years after the violation.” Kan. Stat. Ann.
10 § 17-12a509(j).

11 402. Actions brought under section 25501 of the California Corporate
12 Securities Law must be brought within “five years after the act or transaction
13 constituting the violation or the expiration of two years after the discovery by the
14 plaintiff of the facts constituting the violation, whichever shall first expire.” Cal. Corp.
15 Code § 25506(b).

16 403. As the Federal Reserve Board noted in November 2008, the
17 “[d]eteriorating lending standards” and “the surge in early payment defaults suggests
18 that underwriting . . . deteriorated on dimensions that were less readily apparent to
19 investors.” Mayer, *The Rise in Mortgage Defaults* at 15-16; see also FSOC Risk Retention
20 Report at 9.

21 404. The FSOC explained that the origination and securitization process
22 contains inherent “information asymmetries” that put investors at a disadvantage
23 regarding critical information concerning the quality and performance of RMBS. The
24 FSOC Risk Retention Report described the information disadvantage for investors of
25 RMBS:

26 One important informational friction highlighted during the recent
27 financial crisis has aspects of a “lemons” problem that exists between the

1 issuer and investor. An originator has more information about the ability
2 of a borrower to repay than an investor, because the originator is the
3 party making the loan. Because the investor is several steps removed
4 from the borrower, the investor may receive less robust loan
5 performance information. Additionally, the large number of assets and
6 the disclosures provided to investors may not include sufficient
7 information on the quality of the underlying financial assets for investors
8 to undertake full due diligence on each asset that backs the security.

9 FSOC Risk Retention Report at 9 (footnote omitted).

10 405. Accordingly, U.S. Central and WesCorp did not discover and could not
11 have discovered the untrue statements and/or misleading omissions in the Offering
12 Documents more than one year prior to March 20, 2009, the date on which the
13 NCUA Board placed U.S. Central and WesCorp into conservatorship.

14 406. With respect to those RMBS purchases for which the NCUA Board
15 asserts claims under Section 11 of the Securities Act (Claims One through Six), the
16 earliest date they were bona fide offered to the public was March 27, 2006, or not
17 more than three years prior to March 20, 2009. Accordingly, the NCUA Board's
18 Section 11 claims are not time-barred.

19 407. With respect to those RMBS purchases for which the NCUA Board
20 asserts claims under Section 12(a)(2) (Claim Seven), the earliest sale was December 14,
21 2006, or not more than three years prior to March 20, 2009. Accordingly, the NCUA
22 Board's Section 12(a)(2) claims are not time-barred.

23 408. With respect to those RMBS purchases for which the NCUA Board
24 asserts claims under state law (Claims Eight and Nine), the earliest purchase
25 date/offering date with respect to those claims was March 3, 2006, or not more than
26 five years prior to March 20, 2009. Accordingly, the NCUA Board's state law claims
27 are not time-barred.

1 409. In addition, NCUA entered into a tolling agreement with Goldman Sachs
2 for the period between August 19, 2010 until May 31, 2011.

3 **X. NUMEROUS CLAIMS ARE INDEPENDENTLY TIMELY BY**
4 **VIRTUE OF *AMERICAN PIPE***

5 410. U.S. Central, WesCorp, and/or the NCUA Board as their Liquidating
6 Agent are or were members of putative classes asserting claims on their behalf for
7 certificates in the Alternative Loan Trust 2007-OA4, GSR Mortgage Loan Trust 2007-
8 OA1, RALI Series 2006-QO6, RALI Series 2006-QO10, RALI Series 2007-QH2,
9 RALI Series 2007-QH3, RALI Series 2007-QH5, and RALI Series 2007-QH6
10 Offerings. Accordingly, the NCUA Board's claims relating to those offerings are
11 subject to legal tolling of the statute of limitations and statute of repose under the
12 doctrine announced in *American Pipe & Constr. Co. v. Utah*, 414 U.S. 538 (1974)
13 ("American Pipe") and its progeny. See Tables 10, 11 (attached as Appendix to
14 Complaint).

15 411. GSR Mortgage Loan Trust 2007-OA1 offering: *American Pipe* tolling
16 applies to this offering from December 11, 2008 through January 28, 2010. The
17 Prospectus and Prospectus Supplement for this offering issued on February 13, 2007
18 and May 7, 2007, respectively. On May 4, 2007, WesCorp purchased the 1A2 and
19 2AM tranches of this offering from Goldman Sachs. The case which supplies this
20 tolling is Complaint, *NECA-IBEW v. Goldman*, No. 08-10783 (S.D.N.Y filed Dec. 11,
21 2008). The named plaintiff, NECA-IBEW, asserted Section 11 claims against
22 Goldman Sachs in its role as RMBS underwriter for misstatements and omissions in
23 RMBS offering documents, such as the supposed compliance with stated underwriting
24 guidelines. NECA-IBEW purported to represent a class of all individuals who
25 purchased RMBS certificates in 2007 and 2008 for which GS Mortgage Securities
26 Corporation served as the depositor. That purported class included purchasers of the
27 GSR Mortgage Loan Trust 2007-OA1 offering. See *id.* ¶¶ 1, 13. NECA-IBEW did not

1 disclose which certificates it had purchased until February 9, 2009, when it disclosed
2 that it had purchased certificates in the GSAA Home Equity Trust 2007-5 and GSAA
3 Home Equity Trust 2007-10 offerings. *See id.* ¶ 10; *NECA-IBEW*, Doc. 5-2 at 4, No.
4 08-10783 (S.D.N.Y. Feb. 9, 2009).

5 412. RALI Series 2006-QO6 offering: *American Pipe* tolling applies to the
6 RALI Series 2006-QO6 offering from September 22, 2008 until January 18, 2011. The
7 Prospectus and Prospectus Supplement for this offering issued on March 3, 2006 and
8 June 28, 2006, respectively. On October 11, 2006, WesCorp purchased the A3 tranche
9 of this offering from Credit Suisse First Boston. The case which supplies this tolling is
10 Complaint, *New Jersey Carpenters Health Fund v. Residential Capital, LLC*, No. 08-8781
11 (S.D.N.Y. filed Sept. 22, 2008) (“N.J. Carpenters Compl.”). The named plaintiff, New
12 Jersey Carpenters Health Fund, asserted Section 11 and Section 12 claims against
13 Goldman Sachs in its role as RMBS underwriter for misstatements and omissions in
14 RMBS offering documents, such as the supposed compliance with stated underwriting
15 guidelines. The Health Fund purported to represent a class of all individuals who
16 purchased certificates from several RALI Series offerings, including RALI Series 2006-
17 QO6 and RALI Series-QO10. *See id.* ¶ 1. The Health Fund did not disclose which
18 certificates it had purchased until January 12, 2009, when it disclosed that it had
19 purchased certificates in the RALI Series 2006-QO7 offering. *See id.* ¶ 7; *N.J.*
20 *Carpenters*, Doc. 10-2 at 4 (S.D.N.Y. Jan. 12, 2009); *see also* Consol. First Am. Compl.,
21 *N.J. Carpenters*, ¶¶ 19-20 (S.D.N.Y. filed May 18, 2009) (“N.J. Carpenters Am.
22 Compl.”) (adding new named plaintiffs and disclosing that the named plaintiffs group
23 had purchased the following certificates: RALI Series 2006-QO7, Class M1; RALI
24 Series 2007-QS1, Class 1A1; RALI Series 2007-QS1, Class 2A10; RALI Series 2007-
25 QH4, Class A1; and RALI Series 2007-QO4, Class A1A). On July 30, 2010, the
26 Orange County Employees’ Retirement System (“OCERS”) and the Iowa Public
27 Employees’ Retirement System (“IPERS”) moved to intervene and disclosed that they

1 had purchased certificates in the RALI Series 2006-QO6 and RALI Series 2006-QO10
2 offerings. *See N.J. Carpenters*, Doc. 100-1 at 3 and Doc. 100-2 at 3 (S.D.N.Y. July 30,
3 2010); *see also N.J. Carpenters Health Fund v. Residential Capital, LLC*, No. 08-8781, 2010
4 WL 5222127 (S.D.N.Y. Dec. 22, 2010) (granting motion to intervene).

5 413. RALI Series 2006-QO10 offering: *American Pipe* tolling applies to the
6 RALI Series 2006-QO10 offering from September 22, 2008 until January 18, 2011.
7 The Prospectus and Prospectus Supplement for this offering issued on December 6,
8 2006 and December 27, 2006. On December 14, 2006, WesCorp purchased the A3
9 tranche of this offering from Goldman Sachs. The case which supplies this tolling is
10 Complaint, *New Jersey Carpenters Health Fund v. Residential Capital, LLC*, No. 08-8781
11 (S.D.N.Y. filed Sept. 22, 2008). The facts regarding this case from paragraph 412 are
12 incorporated here.

13 414. RALI Series 2007-QH2 offering: *American Pipe* tolling applies to the
14 RALI Series 2007-QH2 offering from May 18, 2009 until March 31, 2010. The
15 Prospectus and Prospectus Supplement for this offering issued on December 6, 2006
16 and February 23, 2007, respectively. On February 16, 2007, WesCorp purchased the
17 A3 tranche of this offering from Goldman Sachs. The case which supplies this tolling
18 is Consolidated First Amended Complaint, *New Jersey Carpenters Health Fund v.*
19 *Residential Capital, LLC*, No. 08-8781 (S.D.N.Y. filed May 18, 2009). The named
20 plaintiffs asserted Section 11 and Section 12 claims against Goldman Sachs in its role
21 as RMBS underwriter for misstatements and omissions in RMBS offering documents,
22 such as the supposed compliance with stated underwriting guidelines. The named
23 plaintiffs purported to represent a class of all individuals who purchased certificates
24 from RMBS traceable to two shelf registration statements. *See id.* ¶ 1. That class
25 included purchasers of certificates from the RALI Series 2007-QH2, 2007-QH3, 2007-
26 QH5, and 2007-QH6 offerings. *See id.* ¶¶ 27-28. The named plaintiffs had purchased
27 the following certificates: RALI Series 2006-QO7, Class M1; RALI Series 2007-QS1,

1 Class 1A1; RALI Series 2007-QS1, Class 2A10; RALI Series 2007-QH4, Class A1; and
2 RALI Series 2007-QO4, Class A1A. *See id.* ¶¶ 19-20.

3 415. RALI Series 2007-QH3 offering: *American Pipe* tolling applies to the
4 RALI Series 2007-QH3 offering from May 18, 2009 until March 31, 2010. The
5 Prospectus and Prospectus Supplement for this offering issued on December 6, 2006
6 and March 28, 2007, respectively. On March 28, 2007, WesCorp purchased the A2
7 and A3 tranches of this offering from Goldman Sachs. The case which supplies this
8 tolling is *New Jersey Carpenters Health Fund v. Residential Capital, LLC*, Consolidated First
9 Amended Complaint, No. 08-8781 (S.D.N.Y. May 18, 2009). The facts regarding this
10 case from paragraph 414 are incorporated here.

11 416. RALI Series 2007-QH5 offering: *American Pipe* tolling applies to the
12 RALI Series 2007-QH5 offering from May 18, 2009 until March 31, 2010. The
13 Prospectus and Prospectus Supplement for this offering issued on April 9, 2007 and
14 May 29, 2007. On May 24, 2007 and May 30, 2007, WesCorp purchased the AI1, AI2,
15 and AI3 tranches of this offering from Goldman Sachs. The case which supplies this
16 tolling is *New Jersey Carpenters Health Fund v. Residential Capital, LLC*, Consolidated First
17 Amended Complaint, No. 08-8781 (S.D.N.Y. May 18, 2009). The facts regarding this
18 case from paragraph 414 are incorporated here.

19 417. RALI Series 2007-QH6 offering: *American Pipe* tolling applies to the
20 RALI Series 2007-QH6 offering from May 18, 2009 until March 31, 2010. The
21 Prospectus and Prospectus Supplement for this offering issued on April 9, 2007 and
22 June 27, 2007. On June 21, 2007, WesCorp purchased the A2 and A3 tranches of this
23 offering from Goldman Sachs. The case which supplies this tolling is *New Jersey*
24 *Carpenters Health Fund v. Residential Capital, LLC*, Consolidated First Amended
25 Complaint, No. 08-8781 (S.D.N.Y. May 18, 2009). The facts regarding this case from
26 paragraph 414 are incorporated here.

1 418. Alternative Loan Trust 2007-OA4 offering: *American Pipe* tolling applies
2 to this offering from November 14, 2007 through January 6, 2010. The Prospectus
3 and Prospectus Supplement for this offering issued on November 14, 2006 and March
4 28, 2007. On March 20, 2007, WesCorp purchased the A3 tranche of this offering
5 from Goldman Sachs. The cases which supply this tolling are Complaint, *Wash. State*
6 *Plumbing & Pipefitting Pension Trust v. Countrywide Fin. Corp.*, No. BC392571 (CA Sup. Ct.,
7 L.A. Cnty. filed June 12, 2008) (“WSPPT Compl.”), and Complaint, *Luther v.*
8 *Countrywide Home Loans Servicing LP*, No. BC380698 (CA Sup. Ct., L.A. Cnty. filed Nov.
9 14, 2007) (“Luther Compl.”). In both of those suits, the named plaintiff asserted
10 Section 11 and Section 12 claims against Goldman Sachs in its role as RMBS
11 underwriter for misstatements and omissions in RMBS offering documents, such as
12 the supposed compliance with stated underwriting guidelines. The named plaintiffs
13 purported to represent purchasers of RMBS certificates traceable to certain shelf
14 registration statements issued by CWALT, a subsidiary of Countrywide. That class
15 included purchasers of certificates from the Alternative Loan Trust 2007-OA4
16 offering. In their initial complaints, the named plaintiffs did not disclose which
17 certificates they had purchased. See WSPPT Compl. ¶¶ 1, 13, 37; *Luther* Compl. ¶¶ 1,
18 12, 14.

19 419. *American Pipe* and the tolling agreement between the NCUA Board and
20 Goldman Sachs independently make timely all of the NCUA Board’s Section 11 and
21 Section 12 claims. See Tables 10, 11 (attached as Appendix to Complaint).

22 **XI. CLAIMS FOR RELIEF**

23 **FIRST CLAIM FOR RELIEF**

24 **Section 11 of the Securities Act of 1933**

25 **(Alternative Loan Trust 2007-OA4)**

26 420. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
27 as though fully set forth here, except those paragraphs specific to offerings other than
28

1 the Alternative Loan Trust 2007-OA4 Offering.

2 421. The NCUA Board brings this cause of action pursuant to Section 11 of
3 the Securities Act, with respect to WesCorp's purchases of the Alternative Loan Trust
4 2007-OA4 certificates against Defendant Goldman Sachs as the underwriter.

5 422. The NCUA Board expressly disclaims and disavows any allegation that
6 could be construed as alleging fraud.

7 423. At the time the registration statement became effective, it (including the
8 prospectus and any prospectus supplements) contained untrue statements and omitted
9 facts that were necessary to make the statements made not misleading, as alleged
10 above.

11 424. The untrue statements and omitted facts were material because a
12 reasonably prudent investor deciding whether to purchase the certificates would have
13 viewed them as important and as substantially altering the total mix of information
14 available, as alleged above.

15 425. WesCorp purchased the certificates pursuant to and traceable to a
16 defective registration statement, as alleged above.

17 426. At the time WesCorp purchased the certificates, it did not know of the
18 untrue statements and omissions contained in the registration statement.

19 427. Defendant Goldman Sachs's conduct as alleged above violated Section
20 11.

21 428. WesCorp and Plaintiff sustained damages as a result of Defendant
22 Goldman Sachs's violations of Section 11.

23 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
24 favor against Defendant Goldman Sachs awarding all damages, in an amount to be
25 proven at trial, costs, and such other relief as the Court deems appropriate and just.

26 **SECOND CLAIM FOR RELIEF**

1 **Section 11 of the Securities Act of 1933**

2 **(Fremont Home Loan Trust 2006-D)**

3 429. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
4 as though fully set forth here, except those paragraphs specific specific to offerings
5 other than the Fremont Home Loan Trust 2006-D Offering.

6 430. The NCUA Board brings this cause of action pursuant to Section 11 of
7 the Securities Act, with respect to U.S. Central's purchases of the Fremont Home
8 Loan Trust 2006-D certificates against Defendant Goldman Sachs as the underwriter.

9 431. The NCUA Board expressly disclaims and disavows any allegation that
10 could be construed as alleging fraud.

11 432. At the time the registration statement became effective, it (including the
12 prospectus and any prospectus supplements) contained untrue statements and omitted
13 facts that were necessary to make the statements made not misleading, as alleged
14 above.

15 433. The untrue statements and omitted facts were material because a
16 reasonably prudent investor deciding whether to purchase the certificates would have
17 viewed them as important and as substantially altering the total mix of information
18 available, as alleged above.

19 434. U.S. Central purchased the certificates pursuant to and traceable to a
20 defective registration statement, as alleged above.

21 435. At the time U.S. Central purchased the certificates, it did not know of the
22 untrue statements and omissions contained in the registration statement.

23 436. Defendant Goldman Sachs's conduct as alleged above violated Section
24 11.

25 437. U.S. Central and Plaintiff sustained damages as a result of Defendant
26 Goldman Sachs's violations of Section 11.

27 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
28

1 favor against Defendant Goldman Sachs, awarding all damages, in an amount to be
2 proven at trial, costs, and such other relief as the Court deems appropriate and just.

3 **THIRD CLAIM FOR RELIEF**

4 **Section 11 of the Securities Act of 1933**

5 **(GSR Mortgage Loan Trust 2006-OA1, GSR Mortgage Loan Trust 2007-OA1,**
6 **GreenPoint Mortgage Funding Trust 2006-OH1)**

7 438. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
8 as though fully set forth here, except those paragraphs specific to the Issuer
9 Defendants other than GS Mortgage Securities Corp., or specific to offerings other
10 than the GSR Mortgage Loan Trust 2006-OA1, GSR Mortgage Loan Trust 2007-OA1,
11 and GreenPoint Mortgage Funding Trust 2006-OH1 Offerings.

12 439. The NCUA Board brings this cause of action pursuant to Section 11 of
13 the Securities Act, with respect to WesCorp's purchases of the GSR Mortgage Loan
14 Trust 2006-OA1, GSR Mortgage Loan Trust 2007-OA1, and GreenPoint Mortgage
15 Funding Trust 2006-OH1 certificates against Defendant Goldman Sachs, as the
16 underwriter, and against Defendant GS Mortgage Securities Corp., as the issuer.

17 440. The NCUA Board expressly disclaims and disavows any allegation that
18 could be construed as alleging fraud.

19 441. At the time the registration statement became effective, it (including the
20 prospectus and any prospectus supplements) contained untrue statements and omitted
21 facts that were necessary to make the statements made not misleading, as alleged
22 above.

23 442. The untrue statements and omitted facts were material because a
24 reasonably prudent investor deciding whether to purchase the certificates would have
25 viewed them as important and as substantially altering the total mix of information
26 available, as alleged above.

27 443. WesCorp purchased the certificates pursuant to and traceable to a
28

1 defective registration statement, as alleged above.

2 444. At the time WesCorp purchased the certificates, it did not know of the
3 untrue statements and omissions contained in the registration statement.

4 445. Defendant Goldman Sachs's and Defendant GS Mortgage Securities
5 Corp.'s conduct as alleged above violated Section 11.

6 446. WesCorp and Plaintiff sustained damages as a result of Defendant
7 Goldman Sachs's and Defendant GS Mortgage Securities Corp.'s violations of Section
8 11.

9 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
10 favor against Defendant Goldman Sachs and Defendant GS Mortgage Securities
11 Corp., jointly and severally, awarding all damages, in an amount to be proven at trial,
12 costs, and such other relief as the Court deems appropriate and just.

13 **FOURTH CLAIM FOR RELIEF**

14 **Section 11 of the Securities Act of 1933**

15 **(First Franklin Mortgage Loan Trust 2006-FF4)**

16 447. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
17 as though fully set forth here, except those paragraphs specific to the Issuer
18 Defendants other than GS Mortgage Securities Corp., or specific to offerings other
19 than the First Franklin Mortgage Loan Trust 2006-FF4 Offering.

20 448. The NCUA Board brings this cause of action pursuant to Section 11 of
21 the Securities Act, with respect to U.S. Central's purchase of the First Franklin
22 Mortgage Loan Trust 2006-FF4 certificate against Defendant Goldman Sachs, as the
23 underwriter, and against Defendant GS Mortgage Securities Corp., as the issuer.

24 449. The NCUA Board expressly disclaims and disavows any allegation that
25 could be construed as alleging fraud.

26 450. At the time the registration statement became effective, it (including the
27 prospectus and any prospectus supplements) contained untrue statements and omitted

1 facts that were necessary to make the statements made not misleading, as alleged
2 above.

3 451. The untrue statements and omitted facts were material because a
4 reasonably prudent investor deciding whether to purchase the certificates would have
5 viewed them as important and as substantially altering the total mix of information
6 available, as alleged above.

7 452. U.S. Central purchased the certificate pursuant to and traceable to a
8 defective registration statement, as alleged above.

9 453. At the time U.S. Central purchased the certificate, it did not know of the
10 untrue statements and omissions contained in the registration statement.

11 454. Defendant Goldman Sachs's and Defendant GS Mortgage Securities
12 Corp.'s conduct as alleged above violated Section 11.

13 455. U.S. Central and Plaintiff sustained damages as a result of Defendant
14 Goldman Sachs's and Defendant GS Mortgage Securities Corp.'s violations of Section
15 11.

16 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
17 favor against Defendant Goldman Sachs and Defendant GS Mortgage Securities
18 Corp., jointly and severally, awarding all damages, in an amount to be proven at trial,
19 costs, and such other relief as the Court deems appropriate and just.

20 **FIFTH CLAIM FOR RELIEF**

21 **Section 11 of the Securities Act of 1933**

22 **(Long Beach Mortgage Loan Trust 2006-11)**

23 456. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
24 as though fully set forth here, except those paragraphs specific to offerings other than
25 the Long Beach Mortgage Loan Trust 2006-11 Offering.

26 457. The NCUA Board brings this cause of action pursuant to Section 11 of
27 the Securities Act, with respect to U.S. Central's purchases of the Long Beach
28

1 Mortgage Loan Trust 2006-11 certificates against Defendant Goldman Sachs as the
2 underwriter.

3 458. The NCUA Board expressly disclaims and disavows any allegation that
4 could be construed as alleging fraud.

5 459. At the time the registration statement became effective, it (including the
6 prospectus and any prospectus supplements) contained untrue statements and omitted
7 facts that were necessary to make the statements made not misleading, as alleged
8 above.

9 460. The untrue statements and omitted facts were material because a
10 reasonably prudent investor deciding whether to purchase the certificates would have
11 viewed them as important and as substantially altering the total mix of information
12 available, as alleged above.

13 461. U.S. Central purchased the certificates pursuant to and traceable to a
14 defective registration statement, as alleged above.

15 462. At the time U.S. Central purchased the certificates, it did not know of the
16 untrue statements and omissions contained in the registration statement.

17 463. Defendant Goldman Sachs's conduct as alleged above violated Section
18 11.

19 464. U.S. Central and Plaintiff sustained damages as a result of Defendant
20 Goldman Sachs's violations of Section 11.

21 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
22 favor against Defendant Goldman Sachs, awarding all damages, in an amount to be
23 proven at trial, costs, and such other relief as the Court deems appropriate and just.

24 **SIXTH CLAIM FOR RELIEF**

25 **Section 11 of the Securities Act of 1933**

26 **(RALI Series 2006-QO6 Trust, RALI Series 2006-QO10 Trust, RALI Series 2007-**

1 untrue statements and omissions contained in the registration statement.

2 472. Defendant Goldman Sachs's and Defendant Residential Accredit Loans,
3 Inc.'s conduct as alleged above violated Section 11.

4 473. WesCorp and Plaintiff sustained damages as a result of Defendant
5 Goldman Sachs's and Defendant Residential Accredit Loans, Inc.'s violations of
6 Section 11.

7 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
8 favor against Defendant Goldman Sachs and Defendant Residential Accredit Loans,
9 Inc., jointly and severally, awarding all damages, in an amount to be proven at trial,
10 costs, and such other relief as the Court deems appropriate and just.

11 **SEVENTH CLAIM FOR RELIEF**

12 **Section 12(a)(2) of the Securities Act of 1933**

13 **(Alternative Loan Trust 2007-OA4, GSR Mortgage Loan Trust 2007-OA1, RALI**
14 **Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3**
15 **Trust, RALI Series 2007-QH5 Trust, RALI Series 2007-QH6 Trust)**

16 474. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
17 as though fully set forth here, except those paragraphs specific to offerings other than
18 the Alternative Loan Trust 2007-OA4, GSR Mortgage Loan Trust 2007-OA1, RALI
19 Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3 Trust,
20 RALI Series 2007-QH5 Trust and RALI Series 2007-QH6 Trust offerings.

21 475. The NCUA Board brings this cause of action pursuant to Section
22 12(a)(2) of the Securities Act, with respect to WesCorp's purchases of the Alternative
23 Loan Trust 2007-OA4, GSR Mortgage Loan Trust 2007-OA1, RALI Series 2006-
24 QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3 Trust, RALI
25 Series 2007-QH5 Trust and RALI Series 2007-QH6 Trust certificates against
26 Defendant Goldman Sachs, as the underwriter and seller of those certificates.

27 476. The NCUA Board expressly disclaims and disavows any allegation that
28

1 could be construed as alleging fraud.

2 477. Defendant Goldman Sachs offered to sell and sold the securities to
3 WesCorp through one or more instrumentalities of interstate commerce (*i.e.*,
4 telephone, faxes, mails, e-mail, or other means of electronic communication).

5 478. Defendant Goldman Sachs offered to sell and sold the securities, for its
6 own financial gain, to WesCorp by means of the prospectuses and/or prospectus
7 supplements, as alleged above, and/or oral communications related to the
8 prospectuses and/or prospectus supplements.

9 479. The prospectuses and/or prospectus supplements contained untrue
10 statements and omitted facts that were necessary to make the statements made not
11 misleading, as alleged above.

12 480. The untrue statements and omitted facts were material because a
13 reasonably prudent investor deciding whether to purchase the certificates would have
14 viewed them as important and as substantially altering the total mix of information
15 available, as alleged above.

16 481. WesCorp purchased the certificates on the initial offering pursuant to the
17 prospectuses and/or prospectus supplements.

18 482. At the time WesCorp purchased the certificates, it did not know of the
19 untrue statements and omissions contained in the prospectuses and/or prospectus
20 supplements.

21 483. Defendant Goldman Sachs's conduct as alleged above violated Section
22 12(a)(2).

23 484. WesCorp and Plaintiff sustained damages as a result of Defendant
24 Goldman Sachs's violations of Section 12(a)(2).

25 485. Under Section 12(a)(2), the NCUA Board is entitled to rescind and
26 recover the consideration WesCorp paid for the certificates, minus principal and
27 interest received.

1 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
2 favor against Defendant Goldman Sachs, awarding a rescissory measure of damages,
3 or in the alternative compensatory damages, in an amount to be proven at trial; costs,
4 and such other relief as the Court deems appropriate and just.

5 **EIGHTH CLAIM FOR RELIEF**

6 **Violation of the California Corporate Securities Law of 1968**

7 **Cal. Corp. Code §§ 25401 and 25501**

8 **(Alternative Loan Trust 2007-OA4, GreenPoint Mortgage Funding Trust 2006-**
9 **OH1, GSR Mortgage Loan Trust 2006-OA1, GSR Mortgage Loan Trust 2007-**
10 **OA1, RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series**
11 **2007-QH3 Trust, RALI Series 2007-QH5 Trust, RALI Series 2007-QH6 Trust)**

12 486. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
13 as though fully set forth here, except those paragraphs specific to offerings other than
14 the Alternative Loan Trust 2007-OA4, GreenPoint Mortgage Funding Trust 2006-
15 OH1, GSR Mortgage Loan Trust 2006-OA1, GSR Mortgage Loan Trust 2007-OA1,
16 RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI Series 2007-QH3
17 Trust, RALI Series 2007-QH5 Trust and RALI Series 2007-QH6 Trust offerings.

18 487. The NCUA Board brings this cause of action pursuant to Sections 25401
19 and 25501 of the California Corporate Securities Law, with respect to WesCorp's
20 purchases of the Alternative Loan Trust 2007-OA4, GreenPoint Mortgage Funding
21 Trust 2006-OH1, GSR Mortgage Loan Trust 2006-OA1, GSR Mortgage Loan Trust
22 2007-OA1, RALI Series 2006-QO10 Trust, RALI Series 2007-QH2 Trust, RALI
23 Series 2007-QH3 Trust, RALI Series 2007-QH5 Trust and RALI Series 2007-QH6
24 Trust certificates against Defendant Goldman Sachs, as the seller of those certificates.

25 488. Defendant Goldman Sachs offered to sell and sold the securities to
26 WesCorp by means of written and/or oral communications which included untrue
27 statements of material fact and/or omissions of material facts that were necessary to
28

1 make the statements made not misleading, as alleged above.

2 489. The untrue statements and omitted facts were material because a
3 reasonably prudent investor deciding whether to purchase the certificates would have
4 viewed them as important and as substantially altering the total mix of information
5 available, as alleged above.

6 490. At the time WesCorp purchased the certificates, it did not know of these
7 untruths or omissions.

8 491. Defendant Goldman Sachs sold the certificates to WesCorp in California.

9 492. Defendant Goldman Sachs's sales of the certificates violated Cal. Corp.
10 Code § 25401.

11 493. WesCorp and Plaintiff sustained damages as a result of Defendant
12 Goldman Sachs's violations of Cal. Corp. Code § 25401, and WesCorp and the NCUA
13 Board are entitled to the remedies provided by Cal. Corp. Code § 25501.

14 WHEREFORE, the NCUA Board requests the Court to enter judgment in its
15 favor against Defendant Goldman Sachs awarding damages in an amount to be proven
16 at trial, costs, and such other relief as the Court deems appropriate and just.

17 **NINTH CLAIM FOR RELIEF**

18 **Violation of the Kansas Uniform Securities Act**

19 **Kan. Stat. Ann. § 17-12a509**

20 **(First Franklin Mortgage Loan Trust 2006-FF4)**

21 494. The NCUA Board realleges paragraphs 1 through 419 of this Complaint,
22 as though fully set forth here, except those paragraphs specific to offerings other than
23 the First Franklin Mortgage Loan Trust 2006-FF4 offering.

24 495. The NCUA Board brings this cause of action pursuant to Section 17-
25 12a509 of the Kansas Uniform Securities Act, with respect to U.S. Central's purchases
26 of the First Franklin Mortgage Loan Trust 2006-FF4 certificates against Defendant
27 Goldman Sachs, as the seller of those certificates.

1 Dated: October 29, 2012

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JURY DEMAND

Pursuant to Fed. R. Civ. P. 38(b), Plaintiff demands a trial by jury
of all of the claims asserted in this Complaint so triable.

Dated: October 29, 2012

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APPENDIX

Table 10

CUSIP	Issuing Entity	Date of Prospectus Supplement	Trade Date	Case That Supplies American Pipe Tolling	American Pipe tolling start date	American Pipe Tolling End Date
02150DAC9	ALT Loan Trust 2007-OA4	3/28/2007	3/20/2007	<i>Luther v. Countrywide</i> , Complaint, BC380698 (Cal. Super. Ct., L.A. Cnty. Nov. 14, 2007)	11/14/2007	1/6/2010
3622NAAB6	GSR Mortgage Loan Trust 2007-OA1	5/7/2007	5/4/2007	<i>NECA-IBEW v. Goldman Sachs</i> , No. 08-10783 (S.D.N.Y. Dec. 11, 2008)	12/11/2008	1/28/2010
3622NAAG5	GSR Mortgage Loan Trust 2007-OA1	5/7/2007	5/4/2007	<i>NECA-IBEW</i> , <i>supra</i>	12/11/2008	1/28/2010
75114NAC8	RALI Series 2006-QO6 Trust	6/28/2006	10/11/2006	<i>New Jersey Carpenters v. RALI</i> , Complaint, No. 08-602727 (N.Y. Sup. Ct. Sept. 22, 2008), <i>removed to</i> No. 08-8781 (S.D.N.Y.)	9/22/2008	1/18/2011
751153AC1	RALI Series 2006-QO10 Trust	12/27/2006	12/14/2006	<i>New Jersey Carpenters v. RALI</i> , <i>supra</i>	9/22/2008	1/18/2011
74922JAC2	RALI Series 2007-QH2 Trust	2/23/2007	2/16/2007	<i>New Jersey Carpenters v. RALI</i> , <i>supra</i>	5/18/2009	3/31/2010
74922WAB5	RALI Series 2007-QH3 Trust	3/28/2007	3/28/2007	<i>New Jersey Carpenters v. RALI</i> , <i>supra</i>	5/18/2009	3/31/2010
74922WAC3	RALI Series 2007-QH3 Trust	3/28/2007	3/28/2007	<i>New Jersey Carpenters v. RALI</i> , <i>supra</i>	5/18/2009	3/31/2010
75116EAB8	RALI Series 2007-QH5	5/29/2007	5/24/2007	<i>New Jersey Carpenters v.</i>	5/18/2009	3/31/2010

A-1

	Trust			<i>RALI, supra</i>		
75116EAC6	RALI Series 2007-QH5 Trust	5/29/2007	5/24/2007	<i>New Jersey Carpenters v. RALI, supra</i>	5/18/2009	3/31/2010
75116EAA0	RALI Series 2007-QH5 Trust	5/29/2007	5/30/2007	<i>New Jersey Carpenters v. RALI, supra</i>	5/18/2009	3/31/2010
74922AAB3	RALI Series 2007-QH6 Trust	6/27/2007	6/21/2007	<i>New Jersey Carpenters v. RALI, supra</i>	5/18/2009	3/31/2010
74922AAC1	RALI Series 2007-QH6 Trust	6/27/2007	6/21/2007	<i>New Jersey Carpenters v. RALI, supra</i>	5/18/2009	3/31/2010

Table 11

CUSIP	Issuing Entity	Date of Prospectus Supplement	Trade Date	American Pipe tolling start date	Case That Supplies American Pipe Tolling	American Pipe Tolling End Date	Federal Claims Timely with American Pipe Tolling?	Additional Tolling Based on Tolling Agreement - Aug. 19, 2010 to May 31, 2011	Federal Claims Timely with American Pipe + Tolling Agreement?
02150DAC9	ALT Loan Trust 2007-OA4	3/28/2007	3/20/07	11/14/07	<i>Luther v Countrywide</i> , Complaint, BC380698 (Cal. Super. Ct., L.A. Cnty. Nov. 14, 2007)	1/6/10	Yes		
3622NAAB6	GSR Mortgage Loan Trust 2007-OA1	5/7/2007	5/4/07	12/11/08	<i>NECA-IBEW v Goldman Sachs</i> , Complaint, No. 08-10783 (S.D.N.Y. Dec. 11, 2008)	1/28/10	N/A	Yes	Yes
3622NAAG 5	GSR Mortgage Loan Trust 2007-OA1	5/7/2007	5/4/07	12/11/08	<i>NECA-IBEW</i> , Complaint, <i>supra</i>	1/28/10	N/A	Yes	Yes
75114NAC8	RALI Series 2006-QO6 Trust	6/28/2006	10/11/06	9/22/08	<i>New Jersey Carpenters v. RALI</i> , Complaint, No. 08-602727 (N.Y. Sup. Ct. Sept. 22, 2008), removed to No. 08-8781 (S.D.N.Y.)	1/18/11	Yes		
751153AC1	RALI Series 2006-QO10 Trust	12/27/2006	12/14/06	9/22/08	<i>New Jersey Carpenters v. RALI</i> , Complaint, <i>supra</i>	1/18/11	Yes		

A-3

74922JAC2	RALI Series 2007-QH2 Trust	2/23/2007	2/16/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, No. 08- 8781 (S.D.N.Y. May 18, 2009)</i>	3/31/10	N/A	Yes	Yes
74922WAB5	RALI Series 2007-QH3 Trust	3/28/2007	3/28/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, supra</i>	3/31/10	N/A	Yes	Yes
74922WAC3	RALI Series 2007-QH3 Trust	3/28/2007	3/28/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, supra</i>	3/31/10	N/A	Yes	Yes
75116EAB8	RALI Series 2007-QH5 Trust	5/29/2007	5/24/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, supra</i>	3/31/10	N/A	Yes	Yes
75116EAC6	RALI Series 2007-QH5 Trust	5/29/2007	5/24/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, supra</i>	3/31/10	N/A	Yes	Yes
75116EAA0	RALI Series 2007-QH5 Trust	5/29/2007	5/30/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, supra</i>	3/31/10	N/A	Yes	Yes
74922AAB3	RALI Series 2007-QH6 Trust	6/27/2007	6/21/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, supra</i>	3/31/10	N/A	Yes	Yes

A-4

FIRST AMENDED COMPLAINT - APPENDIX

74922AAC1	RALI Series 2007-QH6 Trust	6/27/2007	6/21/07	5/18/09	<i>New Jersey Carpenters v. RALI, Consolidated Amended Complaint, supra</i>	3/31/10	N/A	Yes	Yes
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A-5

FIRST AMENDED COMPLAINT – APPENDIX

1 **PROOF OF SERVICE**

2 **STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

3 I am employed in the County of Los Angeles, State of California. I am over the age
4 of 18 and not a party to the within action; my business address is 1875 Century Park East,
23rd Floor, Los Angeles, California 90067-2561.

5 On October 30, 2012, I served the following document(s) described as **FIRST**
6 **AMENDED COMPLAINT** on the interested parties in this action as follows:

7 **SEE ATTACHED SERVICE LIST**

8 **BY E-MAIL OR ELECTRONIC TRANSMISSION:** I caused the document(s) to be
9 sent from e-mail address dh@birdmarella.com to the persons at the e-mail addresses listed
in the Service List. I did not receive, within a reasonable time after the transmission, any
electronic message or other indication that the transmission was unsuccessful.

10 I declare under penalty of perjury under the laws of the United States of America
11 that the foregoing is true and correct and of my own personal knowledge.

12 Executed on October 30, 2012, at Los Angeles, California.

13
14 /s/ Diane Hunsaker
Diane Hunsaker

SERVICE LIST
NCUA v. Goldman Sachs & Co.
Case No. LACV11-6521-GW(JEMx)

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